DOCUMENT RESUME

ED 377 327 CE 067 732

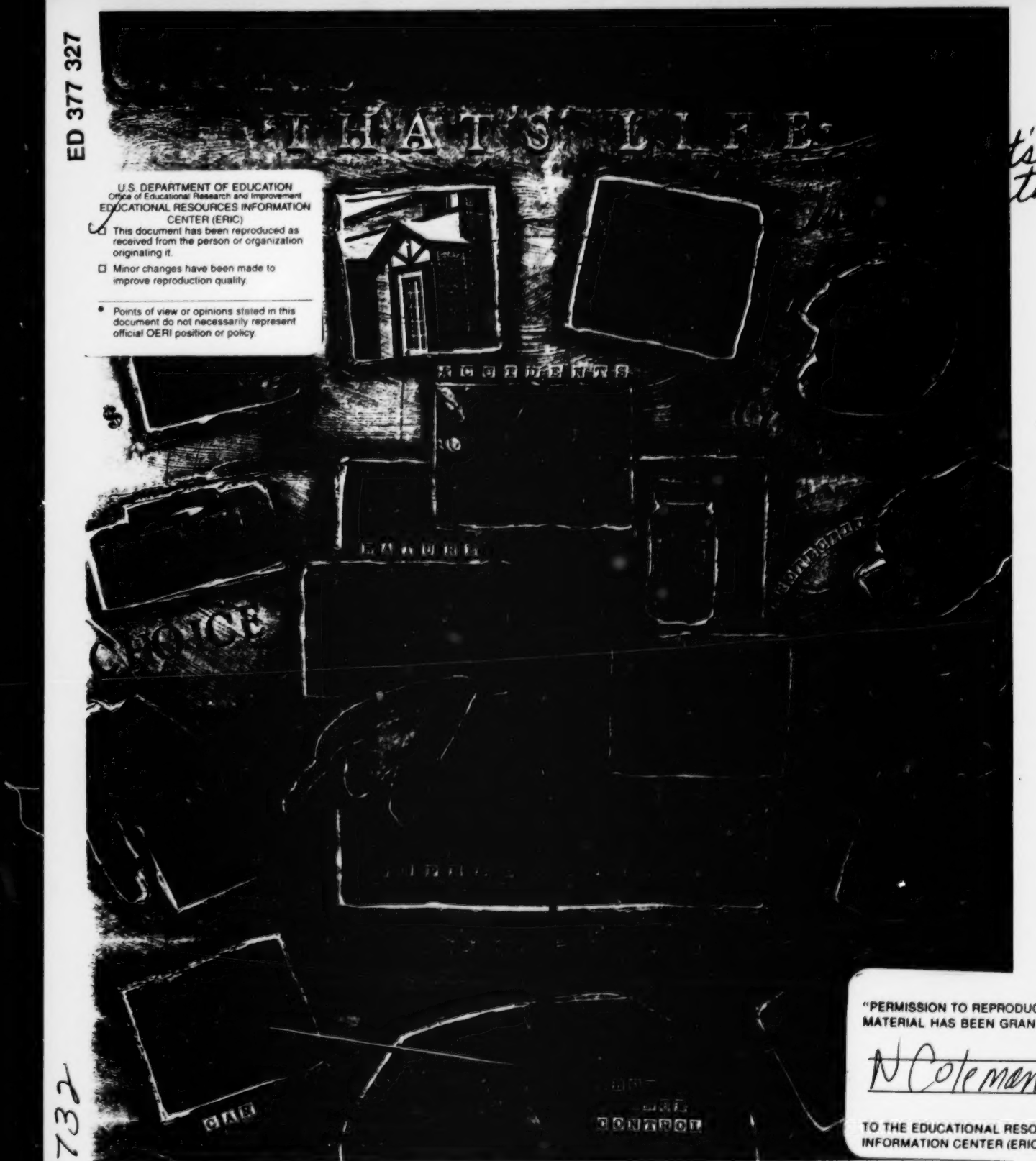
TITLE	Choice--Chance--Control. That's Life. Learning about Insurance through Secondary School Courses. Insurance Basics for Everyone; Social Sciences; Mathematics; Consumer Economics.
INSTITUTION	Insurance Education Foundation, Indianapolis, IN.
PUB DATE	89
NOTE	62p.
AVAILABLE FROM	Insurance Education Foundation, 3601 Vincennes Road, Indianapolis, IN 46268 (free for teachers; others $50; including related videotape).
PUB TYPE	Guides - Classroom Use - Teaching Guides (For Teacher) (052)
EDRS PRICE	MF01/PC03 Plus Postage.
DESCRIPTORS	Annotated Bibliographies; Behavioral Objectives; *Consumer Economics; Consumer Education; *Insurance; *Insurance Companies; *Integrated Curriculum; Learning Activities; Lesson Plans; *Mathematics; Newsletters; Resource Materials; Risk; Risk Management; Secondary Education; *Social Studies

ABSTRACT

This guide, which is designed for use with secondary school students, contains four units of activities that teach the fundamentals of insurance within the context of a broad range of subjects, including social sciences, history, civics, government, mathematics, consumer economics, business, economics, life skills, family management, home economics, and driver education. A total of 21 learning activities are presented in units on the following topics: how insurance works, social sciences, mathematics, and consumer economics. Each contains some or all of the following: suggested areas of the curriculum in which to use the activities, introduction, unit objectives, unit discussion topics, background information, learning activities, activity answers, and speaker suggestions. Concluding the guide are master copies of seven activities, a glossary, and an annotated list of 17 sources of insurance-related classroom resources. Included with the guide is the Insurance Professionals' How-To Guide for Choice--Chance--Control Classroom Involvement. (MN)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED 377 327



U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
☐ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY
N Coleman
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

CE067732

Learning About Insurance Through Secondary School Courses

INSURANCE BASICS FOR EVERYONE ♦ SOCIAL SCIENCES ♦ MATHEMATICS ♦ CONSUMER ECONOMICS

BEST COPY AVAILABLE

Offered as a public service by the Insurance Education Foundation, Inc.

C H O I C E • • C H A N C E • • C O N T R O L

• T H A T ' S L I F E •

And that's Insurance, too!

Dear Educator,

Thank you for choosing Choice-Chance-Control as a supplemental learning tool for your students. Choice-Chance-Control is an education program designed to explain the basics of insurance and apply them to everyday situations that students can understand. We hope this program enhances your current curricula and proves to be a valuable resource for your classroom.

The following are quotes from teachers across the United States who have used Choice-Chance-Control in their classrooms:

QUOTES

"I really enjoyed your product and so did my students. It is very well compiled and an excellent supplement to the textbook. Best video we have seen in a long time! Thanks." General Business Teacher, Canton, OH

"Thank you for making these materials available. They are useful in a wide range of classes. I would especially recommend including in a Life Skills class." Mathematics Teacher, Descanso, CA

"Insurance is not a favorite topic of teenagers, but this kit approached it from their level. It was not so difficult and complicated for them to understand, yet it gave them the basic information they need to know. Thank you and keep up the good work!" Choices and Challenges Teacher, Flemington, NJ

"Thank you for your kit. It is very useful and I will be using it in a number of my classes (especially next year)." Special Ed/Driver Ed Teacher, Miami, FL

"Students really enjoyed this video. The video stood out from all the ones I've shown this year. It led to excellent discussions." Consumer/Family Studies Teacher, San Diego, CA

"Your video is a scream... Thank you. This material made it easy to enrich the kids' business subjects." Business Education Teacher, Corona, NM

"Great, fast moving, in the language of our teens." Civics Teacher, Glasgow, MT

"Insurance is confusing to the average customer, but even more so to a teen. The videotape was a useful introduction to how insurance works—the students seemed to be clearer as to the overall picture after watching the video." Home Economics Teacher, Guys Mills, PA

"I like the name—the whole program held their interest and they learned a great deal from the video!" Consumer Education Teacher, Cudahy, WI

"Thank you for providing these materials! It has been difficult at times to find up-to-date insurance information suitable for my students. I was very impressed by the quality of the materials in this unit." Home Economics Teacher, Mannford, OK

CONTENTS

CHOICE • • CHANCE • • CONTROL

About This Program 3
Teacher's Guide 4

Unit 1 **How Insurance Works/Basics for Everyone** 6
- Unit Objectives and Discussion 6
- Activity 1: Lights, Camera, Action! 8
- Activity 2: The Pursuit of Happiness 8
- Activity 3: Risky Business 9
- Activity 4: Risk, Risk 10
- Classroom Discussion 11
- Activity 5: Define Inspiration 11
- Activity 6: Integral Insurance 11

Unit 2 **Social Sciences** 12
- Unit Objectives and Discussion 12
- Background: Insurance in History 14
- Activity 1: Combined Risk — A Group Endeavor 16
- Activity 2: The Historical Enquirer 16
- Classroom Discussion 17
- Activity 3: Town Hall 18
- Activity 4: Diploma Loss — The High Risk Student 19

Unit 3 **Mathematics** 20
- Unit Objectives and Discussion 20
- Background: Calculated Risks 22
- Background: Law of Large Numbers 22
- Classroom Discussion 23
- Activity 1: The Insurance Premium Equation 24
- Activity 2: Shot or Not 24
- Activity 3: Ten-Buck Teeth 25
- Activity 4: The World's Most Expensive Pen 26
- Activity 5: Hey, Sports Fan! 26
- Activity 6: School Survey 26
- Activity 7: Playing the Numbers 27
- Classroom Discussion 27

Unit 4 **Consumer Economics** 28
- Unit Objectives and Discussion 28
- Activity 1: Insuring an Auto 30
- Activity 2: I Was a Teenage Insurance Salesman 31
- Activity 3: Taking Stock 31
- Classroom Discussion 32
- Activity 4: Nightmare on Your Street 33
- Classroom Discussion 34

COPYMASTERS

INSURANCE TERMS / CLASSROOM RESOURCES

ABOUT THIS PROGRAM

The Choice•Chance•Control program teaches the fundamentals of insurance within the context of secondary school subjects. Insurance touches all of our lives: Its impact, theories, and applications relate to many disciplines. As indicated throughout this program, lessons from Choice•Chance•Control can be used as practical teaching tools in the subjects of social sciences, history, civics, government, mathematics, consumer economics, business, economics, life skills, family management, home economics and drivers education.

With the teacher in mind, the program was designed to integrate easily with existing curricula. By implementing activities from Choice •Chance •Control, you will illuminate some of the fundamentals of *your own subject*. The relevance and excitement of the lessons will involve your students in learning the topic at hand. The program consists of four units:

The **How Insurance Works** unit provides materials that will help students understand the basic principles and language of insurance, risk — and, of course, Choice, Chance and Control.

The **Social Sciences** unit examines insurance by tracing the industry's development through history and exploring its roles in shaping society through the present.

The **Mathematics** unit delves into the statistical theories of insurance, teaching students to figure the probabilities behind their own life decisions.

The **Consumer Economics** unit puts students in direct contact with the insurance world, preparing them with the skills and tools to protect their chosen lifestyles.

Although the lessons can be implemented as a series, you may pick and choose whatever individual lessons or projects you feel will best suit your students' needs. If an activity seems too advanced, chances are there is another lesson referenced that will help you bring your students up to the required level of knowledge.

Choice, Chance and Control. These are three interrelated aspects of life — of life decision-making — that teenagers as well as adults face every day.

Insurance involves a lot of decision-making — not only for the consumer, but for the insurer. Both parties try to maintain financial equilibrium, making sure the risks they take don't leave them in the red. Based on information from the past and predictions of the future, "scientific method," and possibly some hunches, we decide for ourselves which risks are manageable and which are too great to handle on our own.

CHOICE is a decision to do something.
To ride your bike; to buy a car; to wear a raincoat or a safety belt. A healthy choice means moving toward improving or protecting our lives.

CHANCE is uncertainty, the concept that an unpredictable event may occur at any time.
Insurance applies to events that result in losses such as accidents, illness and fires. Riding or driving in heavy rain carries a chance of skidding which may result in damage to the vehicle and/or the rider. Though no event is completely predictable, the *probability* of an event occurring can be documented; insurance decisions are made based on such documentation.

CONTROL is an action taken to assure a desired outcome. In many cases, this means reducing or avoiding the risks of loss.
Rustproofing a car helps control corrosion; you may be able to control the spread of a small fire in your home with a fire extinguisher. Insurance is a form of control over financial devastation. Purchasing an insurance policy means transferring the risk of financial loss from yourself to the insurer.

This program examines the concepts of Choice, Chance and Control as they specifically relate to insurance, but you and your students will find them helpful in looking at any kind of decision-making process.

In addition to this teacher's guide, this multimedia kit contains 36 pages of lesson plans, six activity sheet copymasters, an insurance term glossary and a videotape.

ABOUT THE LESSON PLANS

The lesson plans are divided into four units: **How Insurance Works**, **Social Sciences**, **Mathematics** and **Consumer Economics**. The units and their lessons can be used independently of one another, or they can be combined as a series. Teachers of different courses may want to combine efforts, using the interdisciplinary approach to the subject of insurance.

Projects provided on the activity sheet copymasters supplement the lessons.

ABOUT THE VIDEO

The CHOICE • CHANCE • CONTROL video sets the scene with a humorous, informative drama of one man's struggle to understand his insurance coverage and rates. We suggest viewing the video as an introduction to your insurance unit.

In the course of the video, students are introduced to some basic insurance principles that will provide a basis for discussing the way insurance operates in their lives. They also will understand the concepts of Choice, Chance and Control as they apply to life and insurance. Themes in the video relate to each of the subject areas covered in the lesson plans provided.

The plot of the video concerns Victor, a high-risk driver who confronts his insurance agent, demanding to know why his auto insurance rates keep rising. This situation brings the subject close to teens' interest in and knowledge of insurance.

Though Victor has had numerous accidents (as his agent gently reminds him), he still does not understand why he should pay more than lower-risk drivers.

Victor, and the teens watching, then learn basic insurance principles such as the law of large numbers, risk classification, and risk control as the agent gives Victor a fantasy history lesson and plays a "fairness" game to get his points across.

please note:

1. Choice • Chance • Control order cards have been provided with these materials. Pass them along to colleagues who would find the program valuable.
2. A Choice • Chance • Control survey has been provided with these materials. Returning the completed form will place you on our mailing list to receive other materials. Please fill it out and return it to:

   Insurance Education Foundation
   P.O. Box 68700
   Indianapolis, IN 46268-0700

SUGGESTED CURRICULA USE

MATERIALS IN THIS UNIT ARE BENEFICIAL FOR ALL SUBJECTS

INTRODUCTION

This unit provides materials that will introduce students to the basic principles and language of insurance, risk — and, of course, Choice, Chance, and Control.

You will involve your students in actively relating insurance to their lives whether you select the analytical "risk" exercises, the concrete vocabulary approach of the *Define Inspiration* activity, or any activity of the brainstorming tools.

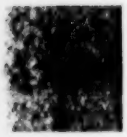
Many of these lessons and activities can be used to support or augment materials in the other three units.

UNIT OBJECTIVES

After studying lessons in this unit, students should be able to:

- List and explain methods used to protect the quality of society, school and their personal lives. (See *Pursuit of Happiness*, Page 8, discussion and written assignment.)
- Define risk-related terms (such as *hazard* and *peril*), and using the Risk Model presented in this unit trace the path of risk that leads to the loss. (See *Risky Business* on Page 9 for a 20-minute discussion plus take-home activity sheet — *Risk, Risk!*)
- Describe risk control as it applies to everyday situations. (See *Risk Control Methods* on Page 10 for a 20-minute discussion.)
- Define basic insurance terms, such as *premium*, *deductible* and *liability*. (See *Define Inspiration* on Page 11 for an out-of-class group meeting time plus 40-minute presentation discussion.)
- Give examples of how insurance and insurance principles play a role in everyday life. (See *Integral Insurance* on Page 11 for a take-home assignment.)

UNIT DISCUSSION



Choice Chance Control: That's Life

Discuss with your students the issues of Choice, Chance and Control:

Choice: How do you go about making choices? From the heart or from the head? When we refuse to make a decision, is that a decision in itself?

Chance: When you choose to buy something, like a car or bike, there is always a chance of losing it through some unpredictable event, such as an accident or theft. How do you go about evaluating the chance of such an event occurring? (Suggest the predictions made for highway death tolls during the holiday weekends.)

Control: Nobody has complete control over whether or not they lose something, but they can take steps to reduce the chances or extent of loss to their health and property. For instance, we use seat belts because studies show that the chances of auto injuries and deaths occurring can be reduced by buckling up. Locking your bicycle is another way to lessen the chance of theft. These are forms of risk control. How else do we control risk in our lives?

A commonly used protective supplement to risk control is the use of insurance. By taking out an insurance policy, you *transfer the risk* to the insurance company. Your insurer is taking a chance, betting against the odds of an accident happening to you and paying the losses you incur. In exchange for this risk transfer, you pay a fee — a *premium*. Are there other ways to reduce our personal losses through risk transferral? (Suggest incidents when parents pay for their children's losses.)

ACTIVITIES

lights, camera, action!

Activity Sheet #1 is a handout students can review before viewing the video. When you have finished showing the video, the students can answer the questions — individually or in groups. This can be a written or discussion activity. You may even choose to have teams of students "quiz" each other and discuss which are the best answers. Refer to the video when necessary.

Before Viewing

Discuss the subject of insurance briefly with the class to determine their level of understanding.

1. Have they heard their parents talking about insurance rates?
2. Have they applied for auto insurance? Do they have friends, brothers or sisters who have auto insurance?
3. How do they think rates are established for different kinds of insurance? What do they think about it?

After Viewing

1. What have students learned about insurance?
2. How have their opinions of risk classification changed?
3. Has this changed the way they think about their own insurance needs?
4. What examples from their own experience can they now discuss in terms of insurance, such as reasons for insuring or not being able to insure?
5. Discuss the law of large numbers in terms of predicting events. (A mathematical definition can be found on Page 24.) How do they think that applies to the rates paid for auto insurance by 17-year-old boys, 17-year-old girls or an adult teacher with a good driving record?
6. Discuss risk control in terms of actions students can take to protect themselves and their property. What does the school do to insure against such things as fire and theft or personal injury to students and teachers?

the pursuit of happiness

Insurance is a way of protecting ourselves against the loss of things that we value — health, property and sometimes income. This activity will help students clarify the things that are valued by themselves, schools and society.

Though purchasing an insurance policy will help to cover financial losses that may occur, there are many other proactive choices we can make to maintain those things we value. The *Pursuit of Happiness* activity challenges students to list and explain these choices...the more choices, the better.

Discuss the concept of "value" with the class, brainstorming about things that make life secure and worthwhile. Assign each student to pick three things of value — one for society (such as "law and order"), one for the school system (such as "good teachers") and one for the self (such as "privacy" or "family harmony").

(activity two continued)

Instruct the students to write a paper entitled "Pursuit of Happiness," in which they discuss how society, school and they themselves are, or could be, protected against the loss of the specified things of value. For instance, "law and order" can be protected by the police; "good teachers" can be retained through good pay and classroom conditions; "family harmony" can be preserved through consistent attendance at home meals and holiday trips.

risky business 3

Nobody wants to take the risk of losing things they value. Though loss is inevitable throughout life (not even ending in death, considering posterity), examining the elements of risk and the ways to control or eliminate personal risk is helpful: By identifying the factors that lead to loss, the students will learn how to lessen their chances of losing the things they value most. By understanding methods of risk control, they will be able to make informed decisions about protecting themselves and their property.

Use these Risk-Related Terms and the Risk Model on page 10 to assist students in understanding what causes risks and how these elements are present in our lives. After defining the terms, assign the students to apply the Risk Model to a situation of loss that is relevant to them.

Risk-Related Terms

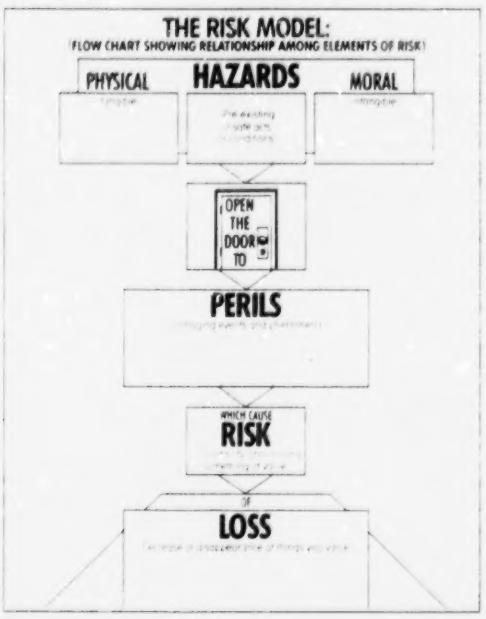
Term	Insurance Definition	Insurance Examples	Everyday Examples
risk	uncertainty, lack of predictability	whether or not your house will burn down	whether or not your skin will break out
speculative risk	uncertainty about a loss or gain situation	not applicable	buying a lottery ticket playing the stock market
peril	damaging events and phenomena	fires, illness theft, forgery	hangnails embarrassment
hazards	unsafe acts or conditions which open the door to perils	see examples below	see examples below
physical hazards	everything related to location, structure, occupancy, exposure	oil-soaked rags in the attic faulty brakes	bad breath weak seam in pants
moral hazards	poor mental stability and attitudes of individuals	drug addiction bad credit rating	bad taste annoying habits
loss	decrease in or disappearance of value	$5,000 car totaled	wounded self-esteem wasted time

ACTIVITIES

On Activity Sheet #2 you will find the Risk Model, a flow chart showing the relationship among the elements of risk. You can copy this model on the board and explain it to your students, or you can photocopy the activity sheet for your students for the following activity.

risk, risk!

Distribute Activity Sheet #2 to your students and instruct them to fill in the empty spaces on the appropriate model with examples. The example below illustrates the elements that relate to the risk one creates when smoking. Your students' examples could include the risk of a blind date, taking drugs, teen marriages, or skydiving. They may also want to start with a current or historical event which resulted in a loss (such as a car accident or fire) and trace back to define the hazard and perils that contributed to the loss.



Risk control methods are non-insurance ways to reduce the risk of loss to health or property. Describe each method for the class and have them list examples of each method as it pertains to their lives.

Risk Avoidance – not taking action to eliminate risk of loss: Not going out of the house for fear of getting hit by a truck; not buying a home to avoid responsibility for damage to plumbing, heating, etc.; not buying a stereo for fear it will get stolen.

Loss Prevention and Reduction – taking direct action to reduce or eliminate foreseeable perils: Making sure the fire in the fireplace is completely extinguished; putting a fire extinguisher in your kitchen; eating healthy, balanced meals; changing bald tires.

Combination – pooling assets and spreading base of risk-taking population: Selling stocks; companies merging; car pooling; buying a block of lottery tickets with friends.

Separation – dispersing things of value so they don't get destroyed in the same place at the same time: President and vice president traveling separately; parents traveling separately; keeping duplicate documents at separate sites; not putting all of your eggs in one basket.

Diversification – varying your methods of control and your sources of pleasure, so that the loss of one would not impact the safety of the other: Making copies on paper and computer disc; having more than one type of job skill; having different kinds of friends.

"define" inspiration

Divide the class into three groups to research and define terms that are used in life insurance, auto insurance and property/casualty insurance. You will find many of these terms in the Glossary.

Assign each group to collaborate and write a song, poem or skit in which they use at least eight insurance terms.

Copy each finished song, poem or skit so that each student has a copy to review. Schedule a day in which each group performs its creation. After each performance, have the performing group act as a panel to discuss the terms with the rest of the class.

The main question should be: do we understand the terms now?

integral insurance

Brainstorm with your students to encourage them to relate insurance concepts to courses in their area of interest. Examples: What is the purpose of "insurance runs" in baseball? What kinds of risks are involved in biological experimentation? How much insurance is needed to operate a TV studio? When giving a speech, are there ways of ensuring success? What are the problems involved with obtaining crop insurance?

Assign your class to keep a journal of observations they make in everyday life that involve insurance: When a friend describes a robbery or an accident, does the question, "Were they insured?" come up? When you hear the word *arson*, do you think of insurance? How many times does insurance come up in a TV show (like L.A. Law or General Hospital)? Do your parents invest through life insurance?

Listening to or reading the news is a surefire way to hear about insurance-related issues.

CLASSROOM DISCUSSION

Discuss with your class the subject of risk and responsibility:

When you risk losing something, chances are you won't be the only one who loses. When are you responsible for the losses of others? For instance, if you are at fault in an auto accident, how much financial responsibility do you have toward those who are injured or whose property is damaged? What kind of insurance would you need to cover losses to other people and their property? (Answer: casualty or liability insurance.) What are some of the situations where your loss means loss to others?

SOCIAL SCIENCES

SUGGESTED CURRICULA USE

SOCIAL SCIENCES
HISTORY
CIVICS
GOVERNMENT

INTRODUCTION

Born with an instinct for survival and a desire for safety, people have always sought ways to provide security for themselves, their families and their societies. Even basic hunting, gathering and child care show foresight in protecting and preserving a way of life. As complex economic structures evolve, so do the means of ensuring their stability.

The following activities and discussions provide a variety of perspectives on social sciences and insurance which will give your students a fresh view of both subjects.

UNIT OBJECTIVES

After studying lessons in this unit, students should be able to:

- Demonstrate and compare different methods employed throughout history to share the burden of financial and physical loss. (See Combined Risk on page 16 for a 40-minute activity.)
- Report on insurance-related historical characters, events and phenomena. (See The Historical Enquirer on page 17 for a collaborative take-home assignment.)
- Evaluate the importance of insurance as it applies to current events such as catastrophes, business ventures and failures, lawsuits and social change. (See Town Hall on page 18 for a take-home assignment and 40-minute discussion.)
- Analyze and evaluate the financial and social risks involved with dropping out of school. (See Diploma Loss on page 19 for a take-home assignment plus 20-minute discussion.)

UNIT DISCUSSION

Choice Chance Control: That's Life

Discuss with your students the issues of Choice, Chance and Control:

From your current topic of study or from a recent news story, select an issue or phenomenon that involves the unpredictable loss of people's property or health. Examples are a major fire, the stock market crash, a nuclear accident or an epidemic.

Choice: Discuss the choices people make surrounding the issue: Knowing that your property or health was in danger, would you choose to own a home in a mud slide area, travel by ship in terrorist waters, live near a nuclear plant or in a high-risk neighborhood? What goes into making such a decision?

Chance: Can major catastrophes be predicted? In your example of catastrophe, what did the people learn from the event that would help them foresee the recurrence of such an event?

Control: What devices have societies created to protect groups of people from the financial burden of loss from damage to property and health? (Examples are social security, Medicare, private insurance companies, safety belt laws, speed limits and outlawing of harmful behavior.) Discuss the advantages of such devices as they pertain to your selected topic: Do these controls work? Are they in the best interest of those involved?

BACKGROUND

insurance in history

As group endeavors became more sophisticated through time, so did insurance methods. Great events and minds contributed to the growth of this socioeconomic institution over the centuries.

You may elect to have your class trace the development of insurance through the ages or focus on the insurance created at one particular time. Below is a brief timeline of some insurance "firsts" and notable developments to guide you.

3000 B.C., China:

The Chinese are credited with the first practical application of the insurance principle. They set up a system to minimize loss of goods when boats navigated the dangerous Yangtze River. Cargo was divided equally among 100 boats so that the loss of one boat meant the loss of just 1 percent of a shipper's goods. The Chinese had discovered a fundamental of insurance: accept a small, known loss (today it's called a premium) to avoid the danger of a large, unknown loss (a major claim).

12th Century, Italy:

Technically, modern insurance began in Italy in the 12th Century when groups of people provided protection against the risks of travel on the seas. They signed their names at the bottom of an insurance contract and were called "underwriters." Today such a contract is called a policy, from the Italian word "polizza," meaning "promise."

15th Century, London:

The practice of underwriting was refined in London in the 15th Century, where shipowners and underwriters met to reach agreements on ship insurance. They often met in coffee houses, such as one called Lloyd's, which became the insurance organization we know today as Lloyd's of London.

Great Fire of 1666, London:

The Great Fire of London in 1666 had a major impact on the development of insurance. By destroying 85 percent of the city's buildings and financially ruining most of its citizens, it tragically emphasized the need for protection from loss by fire.

Late 1700s, United States of America:

Inventor and statesman Ben Franklin played an important role in the development of insurance. His Philadelphia Contributorship of Houses from Loss by Fire, formed in 1757, is still in existence today.

20th Century, U.S.A.:

Congress passed the Social Security Act during Franklin D. Roosevelt's administration. Prompted by the economic misfortune of the public during the Great Depression, the government began providing citizens with this "social insurance" — beginning with cash benefits to retired workers. More programs were added during the next 30 years providing survivor payments, disability payments, unemployment benefits, workers' compensation and Medicare.

Particularly in the last two centuries, inventions with mass impact, such as the automobile and nuclear devices, have spurred the creation of new categories of insurance to cover losses incurred through their use or misuse. Events such as the Chicago Fire of 1871 and the AIDS epidemic have caused great upheaval in the insurance industry. Also, the nation's tendency towards increased litigation has led to such specialized insurance as malpractice insurance.

ACTIVITIES

combined risk — a group endeavor

The Setup

Photocopy and distribute Activity Sheet #3 to your students. After discussing the various property insurance organizations listed, select the method(s) of combined risk your class would like to test. Let students decide among themselves who are the uninsured merchants, policyholders, insurers or underwriters. Following the guidelines of the insurance method(s) chosen, instruct students to write out insurance agreements stating the parties involved and the terms.

Note: This game presents an extremely simplified look at insurance organizations as compared to the way real-life insurance arrangements are handled. It is intended merely to expose students to different ways groups handle financial risk and to exercise their abilities to calculate simple mathematical problems.

The Event

After the students have settled their agreements, read the following scenarios aloud and have them settle their claims accordingly, calculating and documenting the financial gains and losses.

A) Congratulations! Everybody's ship came in! Everybody settle your accounts.

B) Hard Luck! Godzilla, the Loch Ness Monster and Bluebeard XI joined forces to ravage, pillage and sink your vessels. All is lost! Take your losses and total your debts.

C) A bad voyage for anyone who is wearing blue today. Their ships were tossed by terrible, tumultuous tempests. All others saw their ships make it safely to port. (You can use any random method of picking out whose ships survive or perish.)

Discuss with students their attitudes toward these different methods, the problems they had making an agreement, and how a broader base of policyholders might have helped fend off huge losses. (See The Law of Large Numbers, in Mathematics unit, page 22.)

the historical enquirer

This activity provides a fun way for students to research events and people related to risk, loss and insurance.

Assign students to collaborate in producing a "tabloid" that tells (accurately) the wild tales of historical catastrophes, important insurance-related controversies and movers and shakers in the history of insurance. Remind them that the facts and figures must be accurate, but the style of reporting and the headlines can be as garish as

(activity two continued)

those in the National Enquirer. (You will help motivate the class by bringing such a tabloid in to show the class.) Encourage their inclusion of photos and perhaps fictitious quotes.

Suggestions for "scoops"

- The San Francisco Earthquake of 1906
- The Chicago Fire of 1871
- The Peshtigo, Wisconsin, Fire of 1871 (caused more deaths than the Chicago Fire on the same day, but was not as well publicized)
- Benjamin Franklin's contributions to fire insurance
- Elizur Wright, a mathematician and abolitionist who lobbied for legislation requiring nonforfeiture clauses in life insurance policies (1861). He likened the auctioning of forfeited life insurance policies to slave auctions. Today, he might compare them to farm auctions.
- Insurance regulation acts, such as England's Bubble Act of 1711 and the United States' McCarran-Ferguson Act 1945
- The Three Mile Island disaster
- The drought of 1988
- Nursing homes subsidized by government insurance programs
- Lloyd's of London, the underwriting association that has insured such unusual risks as pianists' fingers and prizes for hole-in-one at golf tournaments

CLASSROOM DISCUSSION

Group Decisions

Discuss with your students the ways different groups handle financial risk:

What prompts the need for making a choice or change? (Examples: forming a labor union, voting on issues of insurance legislation.) Is it a decision to maintain status quo? How is the individual taken into account in group decisions? How much freedom of choice does the individual have within group guidelines?

Insurance Throughout History

Discuss with your students the history of insurance:

How long has it been around and in what forms? How has insurance influenced history? How does it continue to affect the economy? How important is government-related insurance such as Medicaid or federal crop insurance?

ACTIVITIES

town hall

Assign students to bring to class articles from newspapers or periodicals concerning an event or controversy that involves insurance.

Suggestions

- Legislative changes in automobile insurance
- Day care liability insurance
- Risk classification (e.g., charging young females lower premiums than young males for auto insurance)
- The closing of a local recreational facility or school sports program due to insurance risks
- The rise in medical costs due to malpractice insurance rates
- The effect of government health plans on medical costs
- The effect of AIDS on the insurance industry
- The effect of drought, floods and storms on the insurance industry

Assign students to act as the "players" in the controversy highlighted by the one article.

Suggestions of "players"

- The insurer
- The policyholder or claimant
- A person, other than the involved claimant, who holds a similar policy of the pertinent insurance
- Your state's governor
- The present U.S. President
- A business person
- A concerned parent
- A teenager

Hold a hearing, with students playing their assigned roles. Throughout the discussion, have students take notes on the following (maintaining their "player" character):

- What is your emotional involvement with this discussion?
- What is your financial concern in this controversy?
- What valid points did the other "players" make?
- Did your position change during the discussion?
- What suggestions would you make to resolve the controversy after the hearing?

With the students dropping their "player" roles, lead a discussion on attitudes in the controversy.

diploma loss — the high risk student

Though no specific monetary worth can be attached to an education, a high school or college degree frequently adds to the income of an employee. Dropping out represents a financial and personal loss to the individual and is detrimental to society.

Discuss with your class the benefits and losses involved with graduating from high school vs. dropping out. List these pros and cons on the board.

Give students a take-home assignment to research the dropout phenomenon, bearing in mind the following discussion points and applying what they learn to the Risk Model (page 10).

1) The factors that come into play when a student decides to drop out.
2) The dropout rate according to geographical location and types of schools.
3) The relationship between a high school diploma and job placement and salaries. (Include college diplomas.)

When the students return, refer to the list of pros and cons and see if their attitudes have changed after research.

Discuss Point 1 How can these factors (or hazards) be alleviated?
Discuss Point 2 Would you consider changing schools if you felt your present school's type and location would increase your chances of dropping out?
Discuss Point 3 What kind of financial loss do you think you would incur by dropping out?

Discuss the effect of the dropout rate on society. Can it be quantified?

Speaker Suggestions

Because insurance issues are a constant source of controversy, it is helpful to invite knowledgeable speakers to your class. Here are some suggestions of people that might be able to help you:

- Representatives from any of the organizations listed in classroom resources.
- Your local insurance agent
- A local business owner or risk manager who is responsible for insuring his/her company
- A human resources (personnel) director or labor union representative who can discuss employee benefits packages
- A professional to whom malpractice insurance is available (such as a doctor or lawyer)
- A representative from the Social Security Administration
- A representative from your state's Department of Insurance (to discuss insurance laws)
- The person in your school or school district who is responsible for insuring school premises, students, staff and activities.

SUGGESTED CURRICULA USE

MATHEMATICS

INTRODUCTION

All too often students view mathematics as irrelevant to their concerns. But with the financial responsibilities of adulthood, they soon discover that statistics, probability and trends affect insurance rates and their lives.

The mathematical concepts behind insurance are not difficult to understand. As a matter of fact, calculating risks can be fun and involving when related to students' immediate concerns and future plans.

With this unit's activities, students will learn to examine past, present and future events in terms of numbers. As they look at the big picture with the control that mathematics provides, their foresight and decisions will become more clear.

UNIT OBJECTIVES

After studying lessons in this unit, students should be able to:

- Understand how variables work in the context of risk classification. (See Ten Buck Teeth on page 25 for 15 minutes, Shot or Not on page 24 for 40 minutes and The World's Most Expensive Pen on page 26 for a take-home activity.)
- Demonstrate how the law of large numbers works. (See Shot or Not.)
- Figure probabilities (relative frequencies). (See The World's Most Expensive Pen.)
- Create and implement simple surveys, then chart and analyze their results. (See Shot or Not and School Survey on page 26 for a take-home activity.)
- Relate statistical and probability concepts to real life situations. (See Discussions.)
- Adjust statistics according to changing variables. (See Shot or Not and The World's Most Expensive Pen.)

UNIT DISCUSSION

Choice Chance Control: That's Life

Discuss with your students the issues of Choice, Chance and Control:

Choice: How can math help you make wise choices? Do you ever use numbers to help you make decisions? (Suggest comparison shopping or matching wattage while selecting stereo equipment.) If you were responsible for the finances of a family or business, how would working with numbers become more important to you?

Chance: How do we predict events using past experience? What is the chance of a baseball player with a .250 batting average getting a hit? How do gambling casinos figure their odds? What are some trends or events that have occurred lately that have made things less predictable — in your students' lives and in current events? (Suggest epidemic outbreaks, natural disasters and increase in eligibility for government student loans.)

Control: How does being able to project possibilities help us plan for the future? What is the difference between the way an auto insurer looks at accident statistics and the way an auto owner looks at accident statistics?

BACKGROUND

calculated risks

Because insurers bear the burden of risk for their policyholders, they are able to decide whether it is economically wise to take on that risk. Then they must decide a reasonable fee (or premium) to charge for this service. Armed with volumes of data from past incidents of injury, damage and death and applying mathematical formulas for figuring probabilities and premiums, they take a gamble on our abilities to stay safe. Consumers can use these tools as well in order to figure for themselves which risks are worth taking. For instance, if statistics show that damage repair costs for a Honda Accord DX are almost twice those of a Buick Skylark, that information may play a part in deciding which of the two cars to buy.

Surveys and Statistics

Insurers and actuaries must gather statistics based on surveys in order to predict the probability of loss to their policyholders.

These statistics, many of which can be obtained through insurance organizations (see classroom resources section), can be used by consumers when making choices in considering property and auto purchases in terms of insurance affordability. *Consumer Reports* is also a helpful source for comparative charts.

the law of large numbers

The "law of large numbers" (or the "law of averages") is an important insurance principle. Briefly, it states that "actual results tend to equal expected (probable) results as the number of independent events increases."

For instance, if an insurer wants to find out how many cars are in accidents in Ann Arbor, Michigan, in a year, she or he will not stand on a street corner and count accidents for a day then multiply the amount by 365 to get an annual rate. The most accurate estimate will come from Ann Arbor traffic experts who have kept track of virtually every car involved in an accident.

The law of large numbers also applies when it comes to the number of policyholders in an insurance program: The insurer can more accurately predict losses to a group of 50,000 than a group of 5.

CLASSROOM DISCUSSION

To the right is a table showing statistics on Accidents by Age of Drivers in 1991. Copy and distribute Activity Sheet #4 to students.

Accidents by Age of Drivers, 1991

Age Group	% of Total Number of Drivers	% of Total Drivers in all Accidents	% of Total Drivers in Fatal Accidents
19 and under	5.5%	13.7%	12.1%
20-24	10.1	15.7	15.5
25-34	24.2	26.7	26.3
35-44	21.5	18.8	18.3
45-54	14.1	10.3	10.2
55-64	11.2	6.9	7.1
65-74	9.3	5.0	5.7
75 and over	4.1	2.9	4.8
Totals	**100.0**	**100.0**	**100.0**

According to this table from the National Safety Council, drivers under the age of 25 made up 15.6 percent of the motoring population of the United States in 1991, but comprised 29.4 percent of the drivers involved in all accidents and 27.6 percent of drivers in fatal accidents. Discuss with your students the meaning of these figures. What do they say about the chances of a teen driver getting into an accident, as opposed to those of a 50-year-old driver?

Risk Classification

When insurers figure premiums, they take into account many of the characteristics surrounding the item to be insured. These characteristics are the variables that go into figuring rates for specific policyholders. For instance, in figuring rates for auto insurance, the insurer considers the differences in driving records indicated by the age, sex, marital status and accident record of the driver, as well as the value of the car and the probability (based on statistics) of that particular make and model incurring loss through theft or accident.

When variables represent different probabilities of loss, the rates reflect the difference. For example, when a driver turns 25 years old, his or her insurance premiums should drop in price because according to statistics, drivers in the over-24 age group have fewer accidents than those in the under-25 age group.

ACTIVITIES

the insurance premium equation

The premium equation illustration for figuring an insurance premium takes no variables, such as different values of losses or risk classification, into account. But it will give you an idea of how insurance works in a simple way.

We will call the insured item "X." For the sake of precision, all "Xs" in the world have the same cash value, and the insurance covers only a total loss or destruction of "X."

The first thing to do is figure the rate of loss, based on existing data: For instance, if there is one Stradivarius violin lost per year out of 50 in existence, the annual rate of loss (relative frequency) would be 1/50.

Next, to figure out how much you would charge each policyholder in order to cover the loss of the item, multiply the rate loss by the cash value of the item:

Continuing the above example, if all Stradivarius violins were worth $50,000 each, the annual premium amount would be 1/50 • $50,000, or $1,000.

$$\frac{\text{(number of Xs lost per year)}}{\text{(number of Xs in existence)}} = \text{rate of loss}$$

$$\text{(rate of loss)} \bullet \text{(value of X)} = \text{annual premium amount}$$

shot or not

Set up a basketball shooting experiment by taking the students either to the gymnasium or to an outdoor field where a hoop is available. If this is not possible, do the experiment in your classroom using a nerf ball and a waste basket as the goal.

For the purpose of this exercise, define a missed basket as an event representing loss.

1) Instruct the students to write down an estimate of how many missed baskets (losses) will occur if each student is given 3 shots.

2) Have students shoot their baskets — three shots in a row. After each shot, students should record losses as they compare with total tries, figuring the relative frequency at the following intervals:

   - After the first student has shot one basket, discuss the accuracy of predicting loss after one event.
   - After the first student has finished his/her three shots, discuss the accuracy of predicting the class loss rate according to the losses of one individual.

(activity two continued)

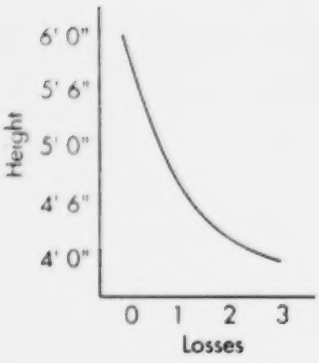
- Continue this exercise with a discussion checkpoint after a quarter of the class has made three attempts and again after the entire class has finished.

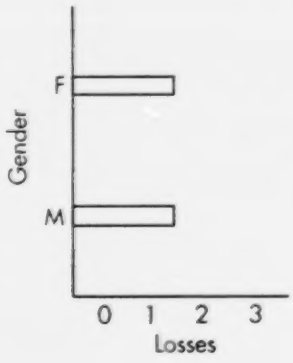
3) Instruct students to chart the occurrences of losses that they have recorded.

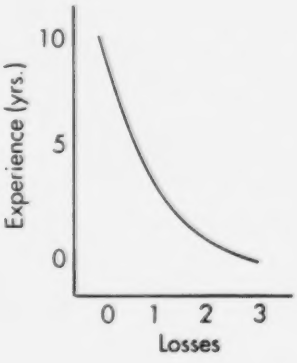
4) Discuss the law of large numbers as it relates to their findings.

5) Discuss the measurable characteristics that might be considered when predicting the losses (in this case) of individuals, such as **height**, **gender** and **years of experience** shooting baskets. List these characteristics on the board.

6) Assign students to make separate graphs indicating probabilities of loss according to three of the characteristics listed on the board. This is an example of risk classification. Refer to the graphs below.







7) Utilizing the Insurance Premium Equation, have students assign a cash value to the loss of a missed basket and calculate how much premium they would charge each member as a policyholder. Have them do this regarding the entire class as a whole, then apply risk classification methods to charge different premiums to different risk classification groups.

ten buck teeth

Conduct a raise-of-hands survey of your class to see how many students lost at least one tooth in the past year. Have your students figure on paper the average number of teeth lost per student in the past year. Ask them whether this rate would apply to all students in grades 1-12. They should answer no, because children lose a lot more teeth when they're in elementary and junior high than when in high school. Ask the students: If people were to lose $10 for every lost tooth, would you rather insure a person against tooth loss during a year of elementary school or a year of college?

Discuss the principle of risk classification with the class.

ACTIVITIES

the world's most expensive pen

Activity Sheet #5 presents a story problem broken down into several steps that involve different math skills. Part A takes students through the process of figuring the probability (rate of loss) of the "Diplomopen" and a hypothetical insurance premium for the pen. Part B illustrates simple risk classification as new variables replace old ones in the established equations.

Answers to the problems are:

Part A: 1) 1/200; 2) $500.

Part B: 1) 100,000; 2) 400,000;
3) 2,000; 4) 1/50; 5) 500;
6) 1/800; 7) $2,000;
8) $125.

hey, sports fan!

Invite a local sports expert to class to discuss the relationship between an athlete's characteristics — including his or her performance statistics — and what bearing those factors have on an athlete's pay.

school survey

Assign students to create and implement a survey of the student body about a loss situation. The survey can involve thefts or accidents, but it can also deal with something intangible such as heartbreak or tardiness.

Included in the survey questionnaire should be information regarding different characteristics of the sample surveyed. Also, the students should be able to figure rates of loss and assign (or elicit from those surveyed) monetary values to the losses they are surveying.

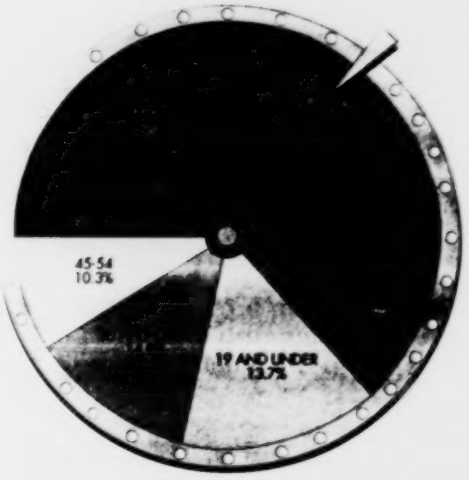
Once students have collected their data, have them create a hypothetical insurance program figuring premium rates for different risk classification groups.

playing the numbers

According to existing statistics on casualties and property loss and damage, assign students to create games to illustrate the probability of loss and damage occurring. For instance, they could make a "Wheel of Misfortune," where the segments of the wheels would be divided proportionally based on probability indicated in statistics. (Refer to *Accidents by Age of Drivers* chart on page 23 and activity sheet #4.)

Students could also make up card and dice games that demonstrate the probability of loss occurring and/or the principles of risk classification.

Note: See Combined Risk — A Group Endeavor in the Social Sciences unit. This is an activity that illustrates (in a simplified fashion) how different insurance organizations calculate benefits for losses, using a marine voyage as an example.



What Age Group Has The Best Record ?
(% of total drivers)

CLASSROOM DISCUSSION

Discuss with your students the issues of probability and the law of large numbers:

• What occupations require work with probability? For example marketing, odds-making and insurance. Could knowing about probability be useful in your chosen career?

• What is the law of large numbers? How is it used in insurance? Do you think it's fair to classify people into risk groups? Justify your answer with reasons and examples.

SUGGESTED CURRICULA USE

CONSUMER ECONOMICS
BUSINESS
ECONOMICS
LIFE SKILLS
FAMILY MANAGEMENT
HOME ECONOMICS

INTRODUCTION

As students approach adulthood, they grow increasingly aware of their responsibilities to protect their lifestyles. This means preparations must be made. Through risk management methods, your students can learn to prevent costly and harmful events from occurring in their homes and other environments. A well-planned insurance program will provide them with financial compensation should a fire, theft, or other unfortunate accident occur.

This unit offers activities and lessons that will prepare your students for the realities of protecting their futures and help them face insurance decisions with confidence.

UNIT OBJECTIVES

After studying lessons in this unit, students should be able to:

- Obtain, evaluate and compare auto insurance policies for specific vehicles. (See Insuring an Auto on page 30 for a take-home activity with 20- to 40-minute discussion.)
- Define a type of life insurance. (See I was A Teenage Insurance Salesman on page 31 for a take-home activity with 20- to 40-minute presentation.)
- Estimate the value and potential loss regarding personal property. (See Taking Stock on page 31 for a take-home assignment.)
- Describe non-insurance methods of risk reduction as they pertain to personal health and property. (See Taking Stock.)
- Distinguish the differences in coverage between several types of homeowners' policies. (See Nightmare on Your Street on page 33 for a flexible-length assignment.)
- Calculate losses and benefits according to homeowners policy guidelines. (See Nightmare on Your Street.)
- Identify the features of a health insurance policy. (See page 34 for a 40- to 60-minute discussion.)

UNIT DISCUSSION

Choice Chance Control: That's Life

Discuss with your students the issues of Choice, Chance and Control:

Choice: Have your life decisions changed over the last ten years? Do you think your life decisions will change within the next ten years? Do any of these changes have to do with money?

Chance: Have you ever lost anything or been injured due to an unforeseen event such as robbery, fire or accident? Has this changed your attitude about protection of your property or health?

Control: What are the ways we protect our lifestyles — our property and health — from damaging events that we're not sure will occur?

ACTIVITIES

insuring an auto

Bring in the auto section from the Sunday newspaper. Divide class into four teams and have each team of students select a car from the ads.

Assign one student from each team to call the seller about their chosen car to obtain the following information:

Make and model	Condition/repair
Mileage	The cost of the car

With this information, have another student from each team check with an insurance agent or company to request quotes on specific coverages such as liability, collision, comprehensive and towing.

When the teams receive their quotes, have them create a chart comparing the different companies' premiums.

Another option is to call your state's Insurance Department to request their published insurance rate comparisons.

The team members should then discuss what types of coverage would best suit their chosen car. Remind them to consider:

- The value of the car. This will affect the selection of collision and comprehensive insurance.
- Your state laws: Most states have minimum requirements with regard to liability insurance. Some states have no-fault laws.
- Deductibles: A higher deductible means a lower premium.
- Medical coverage: If you already are covered by a health plan, do you need it?
- Age, sex and record of drivers.

Instruct each team to report its findings to the rest of the class. Lead a discussion about how this new information may affect their choice of car, insurance company and coverage.

i was a teenage insurance salesman

Note: This activity is designed to help students understand life insurance. If you don't wish to cover life insurance in your course, you can switch the topic of this activity to health or property insurance.

Divide the class into groups of three or four to prepare skits involving a life insurance seller's encounter with prospective clients. They may prepare for this by interviewing a life insurance salesperson, doing library research, examining the policies of family members or friends — any way they like. They need only cover one type of life insurance — be it term, endowment, whole, universal or straight — but they must exhibit knowledge of the vocabulary and concepts and benefits involved.

taking stock

Copy and distribute Activity Sheet #6. Assign students to carefully examine a room in their house. Have them use the activity sheet to inventory the items in the room, noting their monetary worth.

In addition, instruct students to make notes on the activity sheet about the room's condition and its "trouble" spots — hazards that may eventually lead to perilous events that would damage or destroy the contents of the room.

Note: you may want to implement the Risk Model in the **How Insurance Works** unit on page 10.

Discuss with the students the discoveries they made during their examination of the room. Did they see any way of applying risk control methods to ensure the security of the room's contents? (See **How Insurance Works** unit, pages 6-11, for risk control methods.) Were they surprised at the monetary value of the contents?

CLASSROOM DISCUSSION

Ask each student to imagine owning a car. Then hypothesize that when he or she will be out of town, somebody wants to borrow the car. What factors would he or she consider before making a decision about whether or not to lend the car. The first questions should be: Is the car insured for other drivers? Is the borrowing driver insured?

Even if all parties are insured, an accident with the car could raise the owner's premiums. Ask the students what they would consider before lending the car to the driver. List the factors on the board and discuss.

Facts to consider

Age of driver
Driver's record
How the car would be used
How far the car would be driven
Where the car would be driven
Sex of driver
Marital status of driver
Where the driver lives/parking facilities

This is the kind of information underwriters use to decide whether or not to insure an auto and what kinds of premiums they set. Their concern is for the costs incurred through an accident or other mishap. It is their job to consider the risks they bear for others. (See Risk Classification in **Mathematics** unit, page 23.)

Discuss with your students their concerns for their personal belongings and those of others:

Would you lend any of your belongings (car, skateboard, bike, videos, tapes, compact disks, clothing, textbooks, money) to ist anyone? If you are trying to decide whether to lend something to someone, what are the borrower's circumstances and characteristics that you would consider?

If you were to have a party at your family home, would you feel responsible for any loss (theft, spills, burns, scratches, breakage) that might occur during the party? In what way is your parents' loss your loss? In what way is your loss your parents' loss as well? If your school is vandalized, how does that become a loss to you, to your school, to your city and to society?

nightmare on your street

Note: This activity is designed to expose your students to as much variety as possible in the area of homeowners insurance. There are a lot of variables involved, many of which you will assign at random in the interest of time and variety.

Because so many factors go into selecting homeowners insurance, we suggest you invite an insurance professional to the class to answer any questions that may arise before, during or after this activity.

Setting the Scene

Obtain homeowners policies from a local insurance company or agent.

For a practical variety, we suggest the HO1 (basic policy), HO2 (broadened policy), HO3 (most commonly bought) and HO4 (tenants). Divide your class into groups, and give each group a policy and each student a copy of Activity Sheet #7.

Instruct the groups to fill out the top part of their activity sheets together, using mutually agreed upon information. They may make up any type home, location and cost they choose, as long as they don't insure an apartment with a house policy or vice versa.

Assign a percentage of replacement value for each group at random (50%, 80% or 100%). Explain to your class that if a home is insured at 50% the premiums will be lower, but they will only get reimbursed at 50% of the damage to their home.

Instruct groups to make round-figure values of all the contents of their "home." Explain the difference between actual cash value coverage and replacement cost coverage.

Assign a personal property limit to each group at random ($10,000 or $25,000). Explain that the premiums will be lower with a lower limit, but higher limits cover more loss.

Assign a deductible for personal property loss to each group at random ($250 and $500). Discuss deductibles with the class, explaining that higher deductibles mean lower premiums.

Instruct the groups to create an inventory which includes items in each of the "special limits" categories. This need not be a list of actual items — just an actual cash value and replacement cost for each category.

Assign Special Limits to each group at random (low coverage or high coverage — see right). Assign at random coverage for the contents of each home at actual cash value or replacement cost.

Category	Low Coverage $	High Coverage $
Jewel/Furs	500	1,000
Cameras	500	1,000
Guns	500	1,000
Tools	500	1,000
Silverware	1,000	2,500
Money	100	100
Computers	3,000	5,000

The Nightmare Begins

You may assign students to respond to the ten nightmares listed on the activity sheet in their groups or individually, in class or at home.

CLASSROOM DISCUSSION

Insurance for medical coverage varies widely. Most health care costs in the U.S. are paid through group insurance plans or Health Maintenance Organizations (HMOs). Group insurance rates, available through such means as employment or membership in an association, are usually lower than rates obtained by individuals.

Ask students to bring a medical insurance policy to class.

Discuss the following:

- Does the policy cover...?

  Hospital expenses
  Surgical expenses
  Physician's expenses
  Major Medical expenses (for very serious and expensive illnesses and accidents)
  Disability income

- What are the provisions for...?

  Pre-existing conditions
  Other insurance
  Cancellation and renewal
  Mental health coverage
  Maternity benefits
  Prescription drugs
  Home health care

- If it is a group policy, can it be converted to an individual policy (in case you leave the employer who provides the policy)?
- Does the policy cover the policyholder's family from birth?
- Would this policy cover checkups and doctor's visits for minor injuries or illness?

ACTIVITY SHEET #1

"THE GREATEST INSURANCE STORY EVER TOLD"

Questions that have boggled the greatest minds in the greatest times...

1. Why do Victor's car insurance premiums keep going up?

2. What is "underwriting"? Where did it originate?

3. Who was a founder of fire insurance in the United States?

4. What does the invention of the lightning rod have to do with insurance?

5. What are some other, more current inventions that help control risk? In your auto? In your home?

6. How does the type of car you drive affect your insurance rates?

7. If you were playing "The Game" seen in the video, which of the players would you want to insure? Why?

8. What did Victor learn about the information insurance companies need to have about people they insure?

9. Define Choice, Chance, and Control as you saw those ideas expressed in the video. Then, define Choice, Chance, and Control as those ideas apply to you. (Examples: passing a class, riding a bike.) What do you do every day to control risks in your life?

10. If you were insuring the bikes or cars of a group of students you didn't know, what would you want to ask them before you insured them?

ACTIVITY SHEET #2

Using this flow chart, how would you try to keep a peril from occurring?

_____

_____

_____

_____

_____

_____

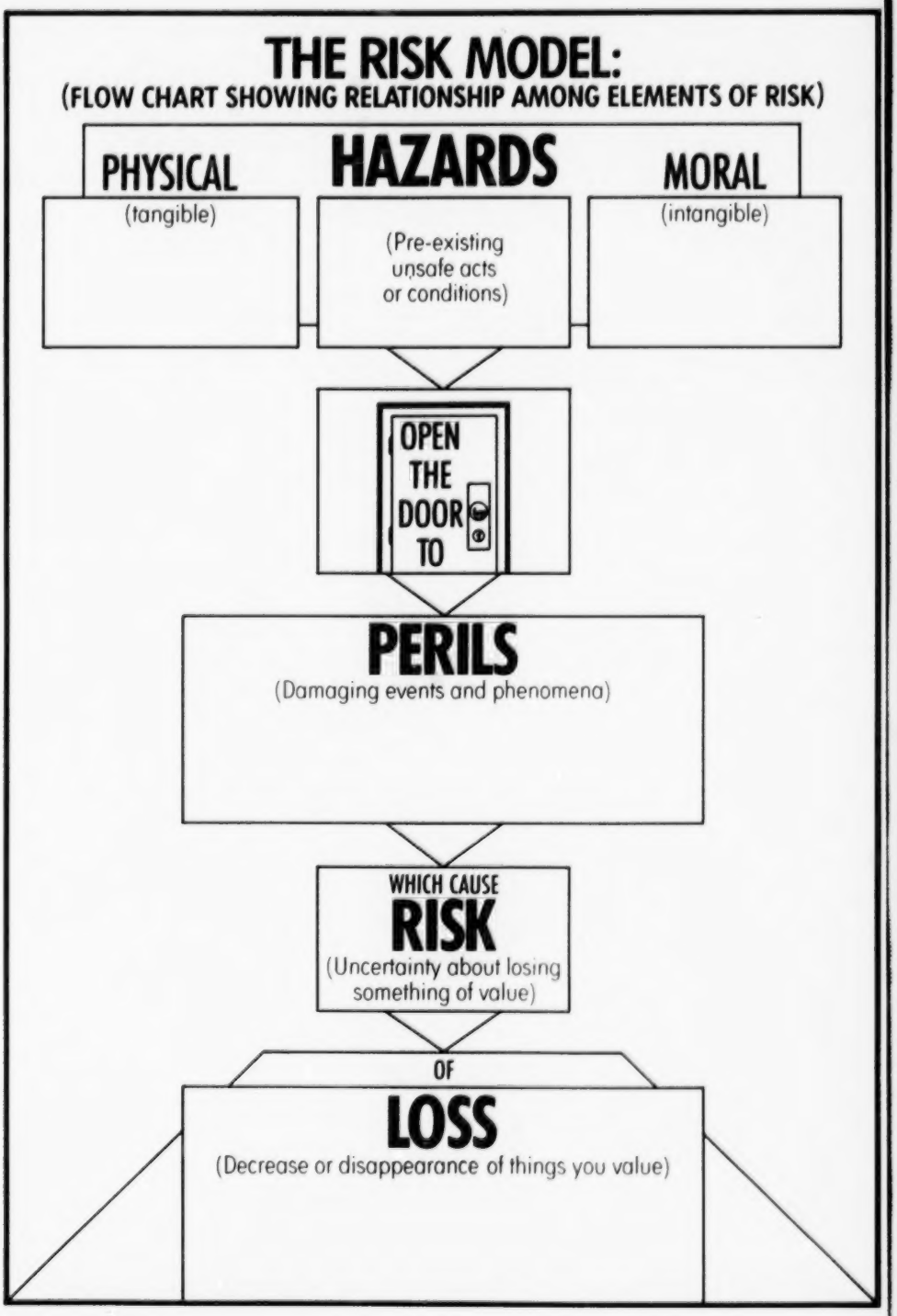
_____

_____

_____

_____

_____



ACTIVITY SHEET #3

THE COMBINED RISK GAME

Your class is about to embark on a merchant marine venture. Test out any of four different types of insurance organizations (combined risk): Bottomry, Mutual Insurance Company, Stock Insurance Company and Individual Underwriting. Under each organization type you will find a different role you can play, how you can handle your money and the financial risk you take. (Each person starts with $250,000 cash.)

Once you have made your insurance agreements, your instructor will let you know three different outcomes of your marine adventure. Once you know your cargo's fate, figure your losses and/or gains for each outcome and decide how you like the method(s) of combined risk.

BOTTOMRY

You can be a...

MERCHANT and buy one or two loads of cargo at $100,000 each. You can use your own money and/or borrow money from a **Lender** at 10% interest.

LENDER and lend $100,000 or $200,000 to **Merchants**.

If a cargo load gets delivered...

The **Merchant** receives a 50% ($50,000) profit for the cargo from selling it to foreign lands.

The **Merchant** repays the loan to his/her **Lender** plus 10% interest ($10,000) for each load of cargo insured.

If a cargo load gets lost...

The **Merchant** loses any money invested. The **Lender** must forfeit the loan for that cargo.

MUTUAL INSURANCE COMPANY

You can be a...

MERCHANT and buy cargo for $100,000 per load. If you want to insure your cargo, pay a premium of $5,000 per load into a company "pool." This means you will become a **PARTICIPANT** in a company of other people who have pooled their money in order to insure their cargo. Or you may take your chances and choose to be an **UNINSURED MERCHANT**.

If a loss occurs...

Participants who have lost cargo will get reimbursed from the pool.

If losses exceed the amount in the pool, **participants** who have lost cargo split the pool by percentages of contribution, and the company goes bankrupt.

If losses are less than the amount in the pool, all **participants** split the leftover money by percentages of contributions—these are the "dividends" of a mutual company paid to its participants.

Uninsured Merchants who have lost cargo simply lose. There is no reimbursement.

If no loss occurs...

Each successful **Uninsured Merchant** and/or **Participant** receives a 50% ($50,000) profit for the cargo from selling it to foreign lands.

Participants split the pool by percentages of contributions—these are the dividends paid by a successful company.

STOCK INSURANCE COMPANY

You can be a...

MERCHANT and buy cargo for $100,000 per load. If you want to be an **INSURED MERCHANT**, pay a premium of $5,000 per cargo load into a company "pool." Or you may take your chances and choose to be an **UNINSURED MERCHANT**.

STOCKHOLDER and invest $10,000 per share in the stock insurance company. This money goes into the pool along with the premiums of the **Insured Merchants**.

If a loss occurs...

Insured Merchants who have lost cargo will get reimbursed from the pool.

If losses exceed the amount in the pool, **Insured Merchants** who have lost cargo split the pool by percentages of contribution, and the company goes bankrupt. This means that the **Stockholders** lose their investment.

If losses are less than the amount in the pool, all **Stockholders** split the leftover money by percentages of contributions—the "dividends" of a successful company. **Insured Merchants** get no dividends.

Uninsured Merchants who have lost cargo simply lose. There is no reimbursement.

If no loss occurs...

Stockholders split the pool by percentages of contributions—these are the dividends of a successful company. **Insured Merchants** get no dividends.

Each successful **Uninsured Merchant** and/or **Insured Merchant** receives a 50% ($50,000) profit for the cargo from selling it to foreign lands.

INDIVIDUAL UNDERWRITING

You can be a(n)...

MERCHANT and buy cargo for $100,000 per load. If you want to insure your cargo, pay a premium of $5,000 per load to an **Individual Underwriter** and become an **INSURED MERCHANT**. Or take your chances and choose to be an **UNINSURED MERCHANT**.

INDIVIDUAL UNDERWRITER and add the entire amount of each premium paid to your "pool" of *personal assets*.

If a loss occurs...

Insured Merchants who have lost cargo will get reimbursed from the personal assets of the **Individual Underwriter**.

If losses exceed the amount in the pool, the **Individual Underwriter** is personally responsible for paying damages to each affected policyholder.

If losses are less than the amount in the pool, the **Individual Underwriter** keeps any extra money in the pool as his/her own personal assets.

Uninsured Merchants who have lost cargo simply lose. There is no reimbursement.

If no loss occurs...

Each successful **Uninsured Merchant** and/or **Insured Merchant** receives a 50% ($50,000) profit for the cargo from selling it to foreign lands.

The **Individual Underwriter** keeps the money in the pool as his/her own personal assets.

BEST COPY AVAILABLE

Accidents by Age of Drivers, 1991

Age Group	% of Total Number of Drivers	% of Total Drivers in all Accidents	% of Total Drivers in Fatal Accidents
19 and under	5.5%	13.7%	12.1%
20-24	10.1	15.7	15.5
25-34	24.2	26.7	26.3
35-44	21.5	18.8	18.3
45-54	14.1	10.3	10.2
55-64	11.2	6.9	7.1
65-74	9.3	5.0	5.7
75 and over	4.1	2.9	4.8
Totals	**100.0**	**100.0**	**100.0**

Provided by The National Safety Council

ACTIVITY SHEET #5

Insuring the World's Most Expensive Pen

PART A– FIGURING PREMIUMS

The Diplomopen is the most valuable pen in the world, not because it is made out of precious materials, but because of its powers. It enables the high school senior to graduate high school and go on to college with full tuition paid. Each year 500,000 high school seniors possess a Diplomopen for one year. It is valued at $100,000. Out of the 500,000 Diplomopens that exist each year, 2,500 are lost or destroyed due to theft, fire and dropping out.

1. What is the probability or relative frequency of losing Diplomopens (*annual rate of loss*)? (Use the equation below.)

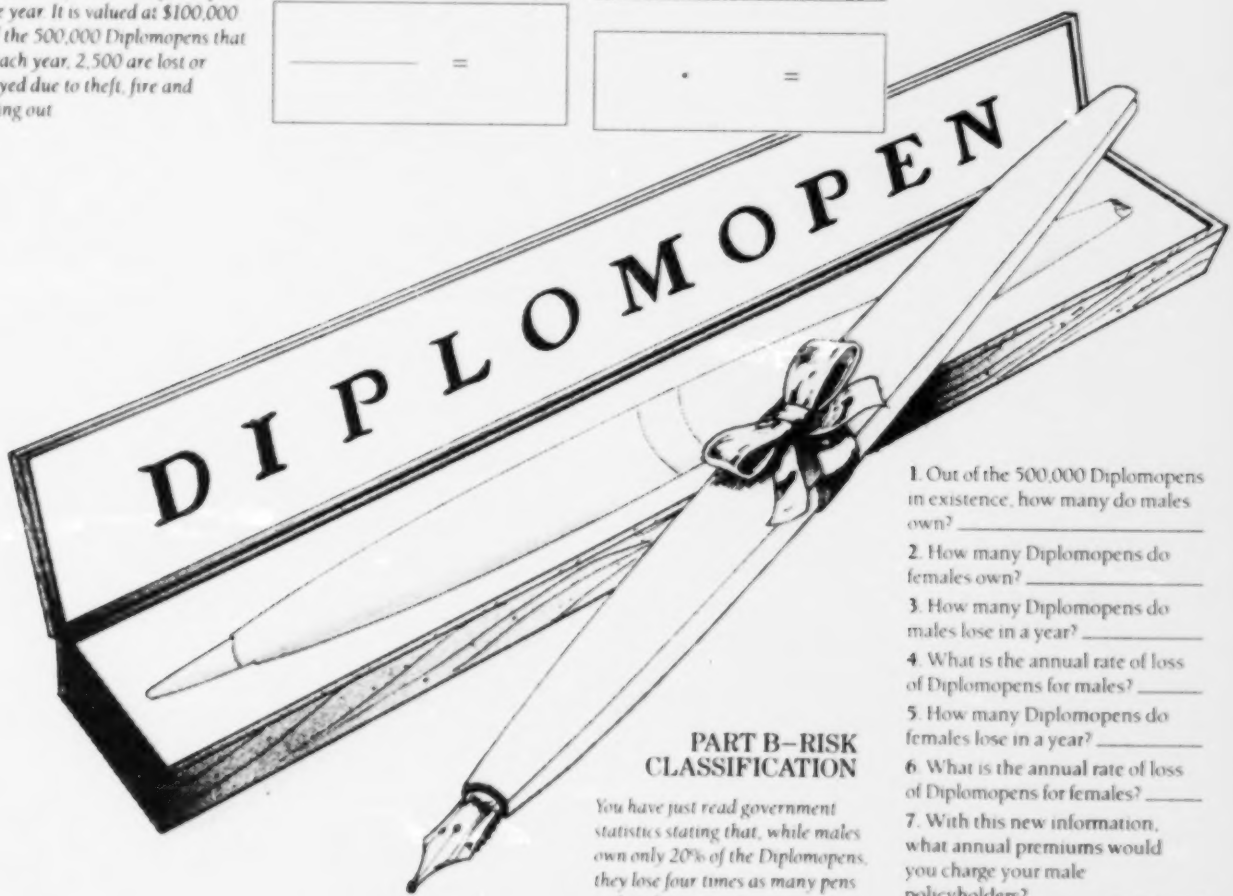
$$\frac{\text{(number of Xs lost per year)}}{\text{(number of Xs in existence)}} = \text{rate of loss}$$

_____ =

2. You have decided to set up an insurance program to cover the loss of Diplomopens. How much would you charge your Diplomopen policyholders as an annual premium? (Use the equation below.)

$$\text{(rate of loss)} \cdot \text{(value of X)} = \text{annual premium amount}$$

____ • ____ =



PART B–RISK CLASSIFICATION

You have just read government statistics stating that, while males own only 20% of the Diplomopens, they lose four times as many pens as females.

1. Out of the 500,000 Diplomopens in existence, how many do males own? _____
2. How many Diplomopens do females own? _____
3. How many Diplomopens do males lose in a year? _____
4. What is the annual rate of loss of Diplomopens for males? _____
5. How many Diplomopens do females lose in a year? _____
6. What is the annual rate of loss of Diplomopens for females? _____
7. With this new information, what annual premiums would you charge your male policyholders? _____
8. What would you charge your female policyholders? _____

BEST COPY AVAILABLE

ACTIVITY SHEET #6

TAKING STOCK

Suppose you went home today and discovered it in ashes. Or suppose your home is being robbed at this very moment. Would you remember what items you lost? Would you be able to prove that you once had them? Would you be able to replace them? These are three important questions to answer when you consider the recovery or replacement of lost or stolen property.

Taking stock of your home will help you figure how much your property is worth, and how you can protect that property from perils such as fire and burglary.

Choose one room in your home that has a number of different possessions in it. Use the table at the right to record the contents of the room. List each item (furniture, appliances, electronics, carpeting, clothing, jewelry, tools, etc.) in the left column.

Use the second column to record the *actual cash value* of that item. This means the amount for which you would be able to sell this *used* item today. (You can check out secondhand stores or classified ads to estimate this amount.)

The third column is for the replacement cost of each item. That is, if you were to buy this same (or comparably priced) item *new* today, how much would you have to pay? Catalogs, newspaper ads, or trips to stores will help you find out these prices.

Add up the columns to find the value of the items in this *one room*. What is the difference between the *actual cash value* and the *replacement value* of your items?

ITEM	ACTUAL CASH VALUE	REPLACE-MENT VALUE

Mind Games

1. Suppose you are working and able to save $50 a week. How many weeks would you have to work to pay for the loss of all of the contents of that room at *actual cash value*?
2. What kinds of *perils* (such as fire, water damage, tornado) could occur that would cause the loss of items in this room?
3. Check out the room (and adjoining rooms) for possible *hazards* such as bare electrical wires or weak locks that could lead to a *peril* occurring. Make a list of these *hazards*.
4. Imagine the kinds of personal injury that could occur in this room because of an accident. What kinds of *hazards* (such as loose rugs or sharp corners) could lead to such an accident?
5. List practical ways of lessening the risk of a *peril* causing damage or loss in this room. For instance, you could purchase a fire extinguisher or get rugs nailed down. Such precautions are called *risk control methods*.

BEST COPY AVAILABLE

ACTIVITY SHEET #7

NIGHTMARE ON YOUR STREET

INSURING YOUR HOME

Type of *policy* selected
(circle one) (from instructor)

Standard **Broad** **Comprehensive** **Tenant's**

_____
Type of home

_____
Location

$ _____
Cost of home

Insure home at (circle one)
(from instructor)

50% **80%** **100%**

On a separate sheet of paper, list the consequences of the nightmares listed below.

Be sure to:

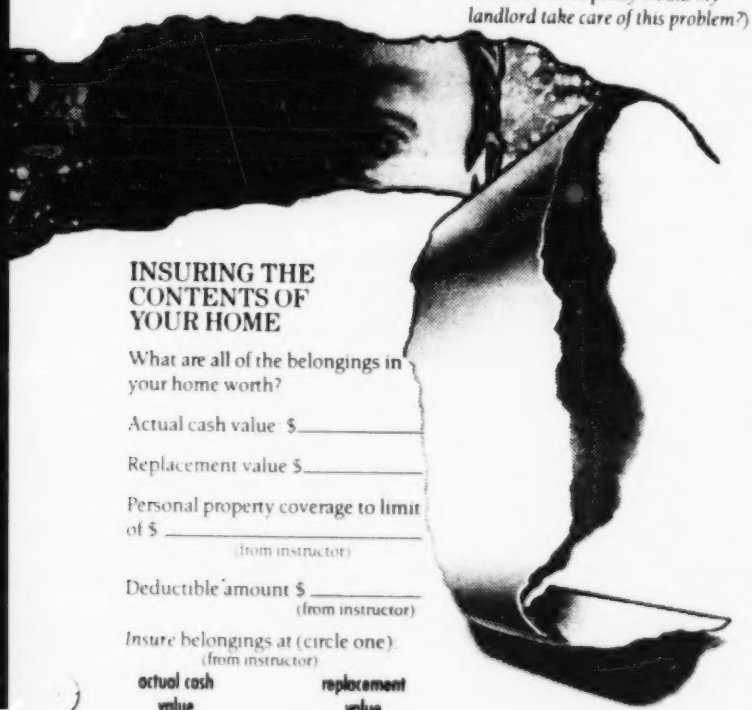
- Check whether you are covered for the peril that is indicated
- Check your coverage limits (including special limits)
- Check your percentage of insurance on your home (50%/80%/100%)
- Calculate
  - –how much you would lose (in dollars) in the event of that peril
  - –how much of that loss would be covered by your insurance
- Write down any factors you might consider in listing the consequences. (For instance: *If I have a tenant's policy would my landlord take care of this problem?*)

SPECIAL LIMITS ON PERSONAL PROPERTY (BELONGINGS)

Category	Actual Cash Value	Replacement Value	Limit (from instructor)
Jewel/Furs	$	$	$
Cameras	$	$	$
Guns	$	$	$
Tools	$	$	$
Silverware	$	$	$
Money	$	$	$
Computer Software	$	$	$

TEN NIGHTMARES ON *YOUR* STREET:

1. Your dog bites a neighbor, causing $500 worth of hospital bills.
2. Your wallet gets stolen from a restaurant. Somebody charges $500 worth of merchandise on your credit card.
3. A nuclear accident occurs, poisoning your water supply.
4. You are out of town on a two-month cruise, leaving your home vacant. On the sixth week of your absence, vandals break $3,000 worth of windows in your home.
5. Thieves burgle your home, taking all of your furniture, your VCR, your TV, and stereo. They also take your new $500 computer graphics program!
6. A flood seeps into your house, causing $20,000 destruction to your home's structure. It also destroys all of your furs.
7. A fire destroys 50% of your home and all of your personal property.
8. Your building's steam heat system bursts, causing $2,000 damage to your home's floors.
9. You accidentally back your car into your own fence, causing $1,000 damage to the fence.
10. A tornado comes to town. The twister picks up your home and drops it (and all its contents) into the ocean.



INSURING THE CONTENTS OF YOUR HOME

What are all of the belongings in your home worth?

Actual cash value: $_____

Replacement value $_____

Personal property coverage to limit of $ _____
(from instructor)

Deductible amount $ _____
(from instructor)

Insure belongings at (circle one):
(from instructor)

actual cash value **replacement value**

BEST COPY AVAILABLE

INSURANCE TERMS

accident and health insurance: A type of coverage that pays benefits, sometimes including reimbursement for loss of income, in case of sickness, accidental injury or accidental death.
actual cash value: In many insurance policies, the amount awarded for physical damage losses; commonly defined as replacement cost less depreciation.
actuary: A person professionally trained in the mathematics of insurance, such as calculation of premiums, reserves and other values.
agent: A person who represents an insurance company or companies in a sales and service capacity.
arson: The willful and malicious burning of, or attempt to burn, any structure or other property, often with criminal or fraudulent intent.
automobile insurance plan: One of several types of "shared market" mechanisms used to make automobile insurance available to persons who are unable to obtain such insurance in the regular market.
automobile physical damage insurance: Coverage to pay for damage to or loss of policyholder's automobile resulting from collision, fire, theft, or other perils.
beneficiary: The person who receives the proceeds of a life insurance policy upon the death of the insured person.
benefits: The amount of money payable by the insurer to a claimant, assignee, or beneficiary under each coverage.
binder: A temporary written or oral insurance contract which is effective until it is replaced by a regular policy.
casualty insurance: Insurance concerned primarily with the insured's legal liability for injuries to other persons' property; also encompasses such forms of insurance as plate glass, burglary, robbery and workers' compensation.
catastrophe: In insurance, a term applied to an incident or series of related incidents causing insured property losses totaling more than $5 million.
claim: Notification to an insurance company that payment of an amount is due under the terms of a policy; a demand to recover losses covered by an insurance policy.
claimant: A policyholder who files a claim with his or her insurance company.
collision coverage: A form of auto insurance that pays for collision damage to the insured auto.
comprehensive coverage: A form of auto insurance that pays for damage or loss to the insured auto other than the damage or loss caused by collision.
compulsory insurance: Any form of insurance which is required by law.
coverage: The scope of protection provided under a contract of insurance; any of several risks covered by a policy.
crop/hail insurance: Protection against damage to growing crops as a result of hail or certain other named perils.
deductible: An amount which a policyholder agrees to pay, per claim or per accident, toward the total amount of an insured loss. Insurance is written on this basis at reduced rates.
dividend: An amount returned to a policyholder by an insurance company out of its earnings; in capital stock companies, a share of profits distributed to stockholders.
endowment insurance: Life insurance payable to the insured if the insured is living on the maturity date stated in the policy, or to a beneficiary if the insured dies prior to that date.
exclusions: Provisions that explicitly limit the coverage provided by a policy.
farm owners/ranch owners policy: A package policy for a farm or ranch, providing property and liability coverages against both personal and business losses.
group insurance: Any insurance plan under which a number of persons and their dependents are insured under a single policy issued to their employer or to an association with which they are affiliated.
hazard: An act or condition that will increase the likelihood or severity of a loss. For instance, ice on a sidewalk is a hazard because it increases the chances of someone slipping on the sidewalk.
homeowners policy: A package type of insurance providing home owners with a broad range of property and liability coverages.
insurance: A system under which individuals, businesses and other organizations or entities, in exchange for payment of a sum of money (a premium), are guaranteed compensation for losses resulting from certain perils under specified conditions.

insured: Person or organization covered by an insurance policy.
insurer: The provider of insurance, such as an insurance company or other organization.
liability: Any legally enforceable obligation.
liability insurance: Insurance covering the policyholder's legal liability resulting from injuries to other persons or damage to their property.
liability limits: The largest amount of money an insurer will pay in case of a covered loss.
life insurance: Insurance providing for payment of a specified amount on the insured's death, either to his or her estate or to a designated beneficiary; or in the case of an endowment policy, to the policyholder at a specified date.
limited payment whole life: Whole life insurance on which premiums are payable for a predetermined number of years.
loss: The basis on which an insurance claim is submitted and/or paid.
major medical expense insurance: Pays for a broad range of medical services — including hospital, surgical, nursing, drug and outpatient fees — up to a very high maximum amount and subject to a deductible amount and percentage participation.
malpractice insurance: Coverage for professional practitioners, such as doctors or lawyers, against liability claims resulting from alleged malpractice in the performance of the insured's services.
medical payments coverage: A form of insurance that pays for medical and funeral expenses regardless of liability. It is available in auto policies and other policies providing liability coverage.
no-fault automobile insurance: A form of insurance by which a person's financial losses resulting from an automobile accident, such as medical and hospital expenses and loss of income, are paid by his or her own insurer regardless of who was at fault.
package policy: A single insurance policy that includes several coverages.
peril: The cause of a loss. Perils include theft, glass breakage, floods, fraud, hail, fire and auto accidents.
policy: A contract of insurance.
policyholder: A person who pays a premium to an insurance company in exchange for the insurance protection provided by a policy of insurance.
pre-existing condition: A physical and/or mental condition of an insured that first manifested itself before the issuance of his or her policy or that existed before issuance and for which treatment was received.
premium: The sum paid for an insurance policy.
property insurance: Insurance providing financial protection against the loss of, or damage to, real and personal property caused by such perils as fire, theft, windstorm, hail, explosion, aircraft, motor vehicles, vandalism, malicious mischief, smoke, and riot and civil commotion.
provisions: A list of actions a policyholder must take in order to make an insurance claim. Included in provisions can be additional specifications of the insurer's responsibility to the insured.
rate: The pricing factor upon which the insurance buyer's premium is based.
replacement cost: The cost of replacing damaged or destroyed property with new property, without deducting for depreciation.
risk: The chance of loss. Also used to refer to the insured or to property covered by a policy.
straight life: Whole life insurance on which the policyholder pays premiums for his or her entire lifetime.
term life: Life insurance payable to a beneficiary when the insured dies within a preset period. If the insured is living at the end of the period, the policy expires without value.
underwriting: The process of selecting risks for insurance and determining in what amounts and on what terms the insurance company will accept the risk.
uninsured motorist coverage: A form of insurance which covers the policyholder and family members if injured by a hit-and-run motorist or a driver who carries no liability insurance, assuming the other driver is at fault.
universal life: A flexible premium life insurance policy under which the policyholder may alter the death benefit and/or the amount or timing of premium payments.
whole life: Life insurance payable to a beneficiary upon the policyholder's death.
workers' compensation insurance: A method of providing for the cost of medical care and weekly payments to injured employees or to dependents of those killed in industry, regardless of blame.

Insurance Education Foundation
3601 Vincennes Road
P.O. Box 68700
Indianapolis, IN 46268-0700

CLASSROOM RESOURCES

Following is a list of organizations associated with the insurance industry. Some organizations produce materials suitable for use in your classroom, others do not. The Insurance Education Foundation will send an updated list of resources. Teachers are invited to use our free loan library. For a complete listing of brochures, videos, workbooks, filmstrips, etc. contact:

Insurance Education Foundation
3601 Vincennes Road
P.O. Box 68700
Indianapolis, IN 46268-0700
Phone: 317/876-6046

Alliance of American Insurers (AAI)
1501 Woodfield Road, Suite 400 West
Schaumburg, IL 60173-4980
Phone: 708/330-8500

AAI is a national trade association providing service and lobbying for property and casualty insurance company members.

American Council of Life Insurance (ACLI)
1001 Pennsylvania Avenue
Washington, DC 20004-2599
Phone: 202/624-2000

ACLI is the largest life insurance association in the U.S. representing 600 life insurance companies with lobbying and other services.

American Insurance Association (AIA)
1130 Connecticut Avenue NW, Suite 1000
Washington, DC 20036
Phone: 202/828-7100

AIA is a national trade association providing lobbying services for property and liability insurance company members.

Health Insurance Association of America (HIAA)
1025 Connecticut Avenue NW
Washington, DC 20036-3998
Phone: 202/223-7850

HIAA is a national trade association of 300 member companies in the business of providing health insurance. Request the 30-page workbook available (minimal cost), "Business of Insurance", explaining concepts of insurance.

Independent Insurance Agents of America (IIAA)
127 South Peyton Street
Alexandria, VA 22314
Phone: 800/221-7917

Project InVEST
(Insurance Vocational Education Student Training)

An educational program of the IIAA to form partnerships with the educational community (high schools and community colleges) by providing instructional packages designed to develop interests in business and insurance careers. For more information call 1-800-221-7917 and ask for InVEST Administrator.

Insurance Information Institute (III)
110 William Street
New York, NY 10038
Phone: 212/669-9200 (ask for Publications)

III is a nonprofit fact-finding organization dedicated to improving public understanding of property and casualty insurance. Request the 19-page pamphlet, "Publications, Videos and Electronic News Services of the Insurance Information Institute."

Insurance Institute for Highway Safety (IIHS)
1005 North Glebe Road
Arlington, VA 22201
Phone: 703/247-1500

IIHS is an independent nonprofit public service organization that publishes materials relating to highway safety. Call for materials about safe vehicles, collision losses, etc.

National Association of Independent Insurers (NAII)
2600 River Road
Des Plaines, IL 60018-3286
Phone: 708/297-7800

NAII is a national trade association providing lobbying and statistical services to 500 property/casualty insurance company members.

National Association of Insurance Women (NAIW)
P.O. Box 4410
Tulsa, OK 74159
Phone: 918/744-5195

NAIW is a national education and professional development organization with 20,000 members in 400 chapters in the U.S. and Canada. Request publications and resources listings.

National Association of Life Underwriters (NALU)
1922 F Street, NW
Washington, DC 20006-4387
Phone: 202/331-6000

NALU is a federation of 1000 life underwriter's associations; members are sales professionals of life, health and related financial services. Request the 39-page workbook, "How Life Insurance and Health Insurance Work."

National Association of Mutual Insurance Companies (NAMIC)
3601 Vincennes Road, P.O. Box 68700
Indianapolis, IN 46268-0700
Phone: 317/875-5250 or 800-33-NAMIC

NAMIC is an international trade association providing education, member service and lobbying for 1,230 property/casualty insurance companies.

National Association of Professional Insurance Agents (PIA)
400 North Washington Street
Alexandria, VA 22314-9980
Phone: 703/836-9340 or 800/PIA-6900

PIA members are available to give presentations on safe driving and auto insurance. Call for Consumer Watch article reprints and brochures on safe driving, auto, and homeowners insurance.

National Insurance Crime Bureau (NICB)
10330 South Roberts Rd.
Palos Hills, IL 60465
Phone: 708/430-2430

NICB is a not-for-profit corporation dedicated to fighting insurance crime and vehicle theft.

Society of Chartered Property and Casualty Underwriters (CPCU)
720 Providence Road
Malvern, PA 19355-0700
Phone: 215/251-CPCU

The Society of CPCU is a not-for-profit association of 24,000 insurance professionals dedicated to continuing education, publication and research. Call for brochure and information on insurance careers. Local chapters will provide speakers, etc.

Western Insurance Information Service (WIIS)
3530 Wilshire Boulevard, Suite 1610
Los Angeles, CA 90010

WIIS is a nonprofit consumer education organization supported by the property/casualty insurance industry operating in ten western states. Affiliated with III. Contact nearest office for assistance from the Speaker's Bureaus.

Los Angeles	800/397-1679
Denver	303/790-0216
Portland	503/643-6355

CHOICE•CHANCE•CONTROL SURVEY

Please complete and return this evaluation form. Your input will be valuable to the Insurance Education Foundation as additional programs are developed to help teachers. It should require only 3 to 4 minutes. Thank You!

(NAME)

(SUBJECT TAUGHT/POSITION)

(SCHOOL)

(ADDRESS)

(CITY) (STATE) (ZIP)

(PHONE) (DATE)

OVERALL VIEW OF CHOICE • CHANCE • CONTROL PROGRAM

1. How did you hear about the Choice • Chance • Control educational kit?

- ☐ from IEF newsletter
- ☐ from another publication
- ☐ referred by colleague
- ☐ introduced into my school by an insurance professional.
- ☐ during a meeting or convention
- ☐ other

2. How do you rate the program?

☐ excellent ☐ good ☐ fair ☐ poor

3. In which class(es) do you teach an insurance unit?

4. How much time do you spend teaching an insurance unit (e.g. one class period daily for three weeks)?

5. How many insurance units do you normally teach each year?

6. What additional information/materials about insurance would be helpful to you/your students?

7. Using the following scale, please evaluate your students' knowledge of how insurance works.

a) Before exposure to the Choice • Chance • Control program

1 2 3 4 5 6 7 8 9 10
UNAWARE AWARE

b) After exposure to the Choice • Chance • Control program

1 2 3 4 5 6 7 8 9 10
UNAWARE AWARE

GENERAL COMMENTS

Please return completed survey to:

Insurance Education Foundation
PO Box 68700
Indianapolis, IN 46268-0700

CHOICE•CHANCE•CONTROL

•THAT'S LIFE•

And that's Insurance, too!

To assist high school teachers in explaining to their students what insurance is and how it works, the Insurance Education Foundation, Inc., has developed a high school teaching kit entitled Choice•Chance•Control. This program is designed for senior high level classes and can easily be introduced into the curriculum of a number of high school courses including history, math, social studies, economics, consumer economics, home economics, driver education and many business courses. The program consists of:

- A teacher's guide to effective use of the materials;
- A 20-minute introductory video highlighting risks throughout history and tracing the development of insurance as a means of offsetting these risks;
- Lesson plans divided into social studies, math and life skills units that cover the basics of insurance;
- Activity sheet copymasters with innovative in-class exercises and take home projects.

These materials are currently being used by teachers in 12,500 high schools throughout the United States and 2,600 high schools in Canada. High school students and high school teachers have both reacted positively to the Choice•Chance•Control program. Students have called it "interesting" and "understandable" while teachers have proclaimed it to be "on target for its intended audience...a musical comedy with good information...impressed by the quality of materials in this unit."

Choice•Chance•Control video stars Michael Richards, who plays Kramer on the Emmy award-winning NBC sitcom "Seinfeld."

Teachers may receive a complimentary copy of Choice•Chance•Control by sending a letter on school stationery signed by a teacher, principal or superintendent. To all others, there is a $50 charge.

Write to:
Nancy M. Coleman, Executive Director
Insurance Education Foundation
3601 Vincennes Road, P. O. Box 68700
Indianapolis, IN 46268-0700
(317) 876-6046

CHOICE ·· CHANCE ·· CONTROL

· THAT'S LIFE ·

And that's Insurance, too!

Yes, please send me the Free CHOICE ♦ CHANCE ♦ CONTROL insurance education program – an introductory video, teacher's guide, lesson plan booklet and copymaster activity sheets relating insurance to Social Studies, Math, Business, Consumer Economics, Family Money Management and Drivers Education.

NAME _____ TITLE _____

SUBJECT/GRADE _____

SCHOOL _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

( ) _____

PHONE

Offered as a public service by the Insurance Education Foundation, Inc.
Phone (317) 876-6046

CHOICE ·· CHANCE ·· CONTROL

· THAT'S LIFE ·

And that's Insurance, too!

Yes, please send me the Free CHOICE ♦ CHANCE ♦ CONTROL insurance education program – an introductory video, teacher's guide, lesson plan booklet and copymaster activity sheets relating insurance to Social Studies, Math, Business, Consumer Economics, Family Money Management and Drivers Education.

NAME _____ TITLE _____

SUBJECT/GRADE _____

SCHOOL _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

( ) _____

PHONE

Offered as a public service by the Insurance Education Foundation, Inc.
Phone (317) 876-6046

CHOICE ·· CHANCE ·· CONTROL

· THAT'S LIFE ·

And that's Insurance, too!

Yes, please send me the Free CHOICE ♦ CHANCE ♦ CONTROL insurance education program – an introductory video, teacher's guide, lesson plan booklet and copymaster activity sheets relating insurance to Social Studies, Math, Business, Consumer Economics, Family Money Management and Drivers Education.

NAME _____ TITLE _____

SUBJECT/GRADE _____

SCHOOL _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

( ) _____

PHONE

Offered as a public service by the Insurance Education Foundation, Inc.
Phone (317) 876-6046

CHOICE ·· CHANCE ·· CONTROL

· THAT'S LIFE ·

And that's Insurance, too!

Yes, please send me the Free CHOICE ♦ CHANCE ♦ CONTROL insurance education program – an introductory video, teacher's guide, lesson plan booklet and copymaster activity sheets relating insurance to Social Studies, Math, Business, Consumer Economics, Family Money Management and Drivers Education.

NAME _____ TITLE _____

SUBJECT/GRADE _____

SCHOOL _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

( ) _____

PHONE

Offered as a public service by the Insurance Education Foundation, Inc.
Phone (317) 876-6046

NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

BUSINESS REPLY MAIL
FIRST CLASS MAIL PERMIT NO. 1808 INDIANAPOLIS, INDIANA

Postage Will Be Paid by Addressee

Insurance Education Foundation, Inc.
3601 Vincennes Road
P.O. Box 68700
Indianapolis, IN 46209-6872

NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

BUSINESS REPLY MAIL
FIRST CLASS MAIL PERMIT NO. 1808 INDIANAPOLIS, INDIANA

Postage Will Be Paid by Addressee

Insurance Education Foundation, Inc.
3601 Vincennes Road
P.O. Box 68700
Indianapolis, IN 46209-6872

NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

BUSINESS REPLY MAIL
FIRST CLASS MAIL PERMIT NO. 1808 INDIANAPOLIS, INDIANA

Postage Will Be Paid by Addressee

Insurance Education Foundation, Inc.
3601 Vincennes Road
P.O. Box 68700
Indianapolis, IN 46209-6872

53

NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

BUSINESS REPLY MAIL
FIRST CLASS MAIL PERMIT NO. 1808 INDIANAPOLIS, INDIANA

Postage Will Be Paid by Addressee

Insurance Education Foundation, Inc.
3601 Vincennes Road
P.O. Box 68700
Indianapolis, IN 46209-6872

51

INSURANCE PROFESSIONALS' HOW-TO GUIDE FOR CHOICE ◊◊ CHANCE ◊◊ CONTROL CLASSROOM INVOLVEMENT

This booklet was designed to support insurance professionals' education efforts in local communities by providing a step-by-step guide to successful classroom involvement.

The information is based on the comments and recommendations of educators and insurance professionals across the country who have used the Insurance Education Foundation's ***Choice Chance Control*** high school level education program in their classes.

The ***Choice Chance Control*** program was produced to make the often confusing subject of insurance interesting and relevant to young adults who will soon be making insurance decisions in their own lives. ***Choice Chance Control*** was developed by the Insurance Education Foundation in cooperation with Media Options, Inc., a Chicago-based creator of educational programs, with the assistance of a national educator panel and student focus groups.

The program provides a natural link between the school and insurance professionals. Educators who are now incorporating the materials into Life Skills, Business, Social Studies, Consumer Education or Math classes say that they like to supplement the materials with class presentations by local insurance people who can answer questions, provide case scenarios and generally present a real-world view.

The approaches in this booklet will help you build on that foundation if the program is presently being used, or establish a presence in your local schools by introducing ***Choice Chance Control***.

You can make a difference in influencing the way insurance is perceived, in helping the **adults of tomorrow** understand insurance concepts and principles **today**, and in illustrating to them the way to best utilize insurance in their lives.

HOW-TO GUIDE FOR CLASSROOM INVOLVEMENT

I. DO YOUR HOMEWORK

A. View the ***Choice Chance Control*** video and **read the lesson plan materials**.

B. Determine who (at what level) is the best contact in your local school district for your proposal of classroom involvement. The protocol can vary from school to school. You want to identify, respect and work within the particular structure of your school system.

FOR EXAMPLE:

1. Do speaker requests go through the principal's office?
2. Do individual teachers make speaker decisions?
3. Is the district office or curriculum specialist the best initial contact?

NOTE: About two thirds of educators surveyed said an insurance person should contact the teacher directly; the remainder suggested contacting curriculum specialists in the district or the school principal. If you personally know a principal, teacher or administrator, ask for his or her help in determining whom to approach. If you do not have contacts at your local schools, call the school, explain your purpose and ask for assistance.

C. Determine the demographic/geographic makeup of your area as it would affect the students' information needs and interests:

Rural
Industrial urban
Professional urban or suburban

FOR EXAMPLE:

What types of insurance are students in your local schools most likely to be interested in? Do most of them have cars? Is crop insurance/earthquake insurance relevant? Are most of their parents home/property owners? Do older brothers/sisters have renters' insurance?

D. Find out if your schools are presently using ***Choice Chance Control***:

1. At what grade levels?
2. In what subject areas?
   - Math
   - Life Skills/Consumer Education
   - Business/Economics
   - Law/Sociology
   - Social Studies/History
   - Driver's Education
   - Home Economics

NOTE: If you are not certain if the program is currently in use, contact local schools and identify and speak with teachers who would include insurance in their classes.

E. Decide if existing programs would offer you an opportunity to participate as a resource:

1. In-service programs (teaching teachers). These are often held in the fall and can incorporate professionals.
2. A community resources handbook that lists local speakers for classroom presentations.
3. Career days.

"As economics coordinator, I've used the video during in-service training for secondary teachers."

II. MAKE YOUR APPROACH

A. Contact the appropriate teacher by telephone or letter. Here are suggested points to cover:

1. Introduce yourself, your company or agency position and tell about your particular expertise in insurance.

2. Mention your specific interest in participating in the local educational process.

3. Explain that you have a teaching kit about insurance, ***Choice Chance Control***, to use in the classroom.

4. Suggest specific ways in which you could be a resource for the teacher (e.g., speak to students in class, provide handouts or offer a tour of your facilities).

B. Make an appointment to meet the teacher.

1. Give ***Choice Chance Control*** to the teacher (include your business card). The written materials in the kit are the most important tools; teachers need to have possession of the kit to plan and utilize these aids.

2. Suggest that the teacher show the ***Choice Chance Control*** video to introduce the topic of insurance.

3. Schedule your class presentation near the *end* of the time students will be studying insurance (usually one to three weeks). By this time, students will have had an opportunity to develop questions, and *your* participation will have greater impact.

THE ROLE INSURANCE PROFESSIONALS CAN PLAY:

" Appear as a guest speaker and answer questions."

" Conduct a brief Q&A about their jobs and then explain major insurance concepts."

" Tell teenagers how their driving habits impact the cost of their insurance."

" Show some case scenarios."

" Explain the partnership that must develop between a company and the insured."

" Offer field trips to their offices."

" Identify types of insurance young people will need as they move out on their own."

" Give current costs; local information."

" Explain current policy coverages and costs—information most lacking in textbooks and most relevant to the students today."

III. PREPARE YOUR PRESENTATION

A. Meet with the teacher again to discuss approaches and content for an effective presentation. *Copy* TEACHER MEETING CHECKLIST (see Page 6) *to take to your meeting.*

B. Discuss with the teacher areas of insurance that he or she would like to see covered.

C. Note the program format. Teachers prefer stated objectives and clearly defined lessons like those presented in ***Choice Chance Control***.

D. Find out what portions of the kit the class you are addressing has used or is using.

E. Check and revise any handout materials or visual aids you are bringing to make sure they are clear and simple.

F. Consider techniques and aids you can use to make your presentation more interesting and visual.

- OVERHEAD TRANSPARENCIES
- SLIDES
- A FLIP CHART ON WHICH TO NOTE IMPORTANT POINTS
- NEWSPAPER ARTICLES ABOUT LOCAL INSURANCE-RELATED EVENTS OR INCIDENTS
- A SIMPLE PROBLEM STUDENTS CAN WORK OUT

G. Before your appearance, send the teacher an outline of your presentation and a brief explanation of your approach. He or she can then suggest changes, spot any problem areas and make sure the materials you plan to bring will be effective in the classroom.

TEACHERS SAY THEY WANT:

" Specific hands-on exercises relating to auto, life, health and medical insurance."

" Easy to understand handouts."

IV. IN THE CLASSROOM

A. Show the class and teacher that this presentation is important to you.

1. Dress appropriately - the same clothes you would wear to attend a client meeting.

2. Understand the teacher's needs and how he or she views your role.

3. Be prepared; have something to say. It is not a good idea to start or end your presentation with a vague statement such as, "Any questions?"

   Use specific questions to stimulate discussion. Example: "Why do you think auto insurance would cost more for Billy, who is 17, than for Jenny, his 23-year-old sister?"

> ***"Having someone from the insurance field come in as a guest speaker allows students to realize that what we say as teachers is correct and current. Also, students ask more questions of a professional and receive more information."***

B. Speak in plain English. Avoid the trap of using "jargon." See the glossary of terms in the ***Choice Chance Control*** kit. You may want to refer to them in your presentation.

1. If possible, try out your presentation on neighbors' teens or friends. Note any questions or points of confusion, and simplify your talk.

2. If you have the opportunity, reinforce a concept the class has heard the teacher present.

C. Teach, don't preach.*

1. Avoid a sales pitch. You should be "selling" concepts and ideas, not policies. Teachers and students will be wary of commercialism. As a guest "teacher" you are imparting knowledge and solid information.

2. Design a presentation that holds audience interest and invites participation and interaction.

3. Keep your audience's knowledge level and attention span clearly in mind.

4. Teaching should be fun - for teacher and pupil. Keep a sense of humor, and don't take yourself too seriously.

*How accomplished you are with these factors will determine how well students receive your message. Students' positive reactions to you will help establish a positive image of the insurance industry.

D. Be prepared for:

1. Very basic questions — No question is stupid in a learning process.

2. Skepticism — Teens may have heard of parents' or friends' "bad experiences" with insurance. Don't make light of their examples; maintain your credibility by taking them seriously and explaining how the situation might have happened.

3. Misinformation — Parents, even educators, may not have a complete grasp of how insurance really works.

4. Confusion over terminology — Use plain English.

E. Invite the class to send you additional questions that arise in their insurance lessons. Leave your telephone number with the teacher. (Make sure you respond with answers or handouts.)

V. MAINTAIN A POSITIVE PRESENCE

A. Send the Insurance Education Foundation the names and addresses of local educators who are teaching insurance. They will receive *The Insurance Educator* newsletter once each semester.

> " *Insurance people are viewed as professionals by students, much the same as doctors and lawyers. Their presence in the classroom lends credence to the subject and discussions."*

B. Follow up with a thank you letter.

1. Mention specifics of something **you** learned from the class.
2. Encourage the educator to suggest you as a resource to other teachers in the school.

C. Make yourself available for return visits.

D. Send periodic updates of information to the teacher that would be relevant to students.

1. Articles from newspapers or insurance publications
2. New statistics or information about rates or types of insurance

VI. EVALUATE YOUR EXPERIENCE

A. Annotate positive suggestions and new perspectives or ideas generated by students, teachers or peers who have also used ***Choice Chance Control.***

B. Build a personal resource book of facts that are of particular interest to students in your area.

C. Pass along suggestions to the Insurance Education Foundation for incorporation of your ideas into new or updated pieces to supplement the ***Choice Chance Control*** program.

> " *Insurance is something very basic that all students will eventually be involved in; therefore, it's an important topic for school discussions."*

TEACHER MEETING CHECKLIST

POINTS TO DISCUSS BEFORE DEVELOPING YOUR PRESENTATION

1. Determine the specific subject and grade level of the class you will be addressing.

2. Discuss specific lesson objectives the teacher has established. It is important to understand how the insurance lessons fit into his/her course to determine what kind of presentation would be most relevant.

3. What portions of ***Choice Chance Control*** will the teacher have used before your participation? It is recommended that the teacher use at least the Unit 1 introductory section and the video.

4. What portions of the program, if any, would be helpful to use in your presentation?

5. What specific case scenarios would be helpful? How would they best be presented?
   AUTO INSURANCE
   HEALTH INSURANCE
   RENTERS' INSURANCE
   LIFE INSURANCE
   OTHER?

6. What questions are most likely to be asked?

7. What kinds of handouts would be helpful?
   (Show the teacher materials you plan to bring ahead of time to determine if they will be easily understood.)

8. What other insurance texts/materials is the teacher using? If possible, review them before your presentation.

9. What recommendations does the teacher have about the format, length or style of your presentation?

The Insurance Education Foundation (IEF) was established in 1988 for the purpose of "educating Main Street America about how insurance works." It is a nonprofit charitable foundation sustained by contributions from the insurance industry.

Dedicated to fostering a better public understanding of the insurance product and how it works for the consumer's benefit, IEF funds three programs. These programs focus on educating the consumers of tomorrow as they reach an age when attitudes are being formulated and independent decisions are being made.

To assist high school teachers in explaining to teenagers what insurance is and how it works, the Foundation developed ***Choice Chance Control***. This program is a kit of teaching materials including a teacher's guide, lesson plans, activity sheets and a video that can be used effectively in high school courses of business, math, economics, life skills, social studies, home economics or driver's education.

Teachers who have used ***Choice Chance Control*** in their classrooms have stated that the materials are right on target for the intended audience. A survey of those teachers revealed that students exposed to ***Choice Chance Control*** experienced a **46 percent increase in insurance awareness** and a **40 percent increase in positive attitudes about insurance.**

The Insurance Education Foundation funds a second program that has received high praise from participants. Two-week intensive summer workshops for high school teachers are held in five locations: Drake University in Des Moines, Iowa, The College of Insurance in New York City, California State University in Sacramento, The University of Alabama in Tuscaloosa and Illinois State University in Normal. Successful participants receive three graduate credits upon completion and, more importantly, are well qualified to teach insurance in their classrooms. Forty teachers are accepted annually into each of the five workshops.

The Insurance Educator is a newsletter for secondary educators who are teaching insurance in any course. Mailed once each semester, this teaching aid provides insurance lessons and information for both teachers and students.

The challenges of providing quality teaching materials to educate America's emerging consumers and providing insurance education to high school teachers are being met successfully. Enthusiastic support from the insurance community must be generous for IEF to continue expanding its programs. Your investment now in this grassroots effort to "educate Main Street America about how insurance works" is an investment in the future stability of America's insurance industry.

Contributions and inquiries may be directed to:

Insurance Education Foundation
P.O. Box 68700
Indianapolis, IN 46268-0700
(317) 876-6046